



April 16, 2025

VIA: ELECTRONIC FILING

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

**Re: Petition for Approval of Purchased Power Agreement with Hillsborough County
Docket No. 20250036-EI**

Dear Mr. Teitzman:

Attached for filing in the above-styled matter is Tampa Electric Company's response to Staff's First Data Request (Nos. 1-10), propounded on March 28, 2025.

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: TECO Regulatory
Orlando Wooten – owooten@psc.state.fl.us
Carlos Marquez – cmarquez@psc.state.fl.us
discovery-gcl@psc.state.fl.us

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1. Please explain why TECO elected to initially purchase 16 megawatts (MW) of firm capacity, given the facility is capable of producing 47 MW.

ANSWER:

Forty-seven (47) MW is the gross capacity of the Hillsborough County facility, but the net capacity is estimated to be 40 MW. Hillsborough County approached Tampa Electric with a proposal to purchase 16 MW of firm capacity. However, Tampa Electric and Hillsborough County negotiated an option that may increase the contracted capacity up to 35 MW by the end of year 2029.

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2. Please explain how the 90 percent monthly availability value was determined and how it compares to TECO's 2024 and 2025 Standard Offer Contract's (SOC) billing capacity factor calculation.

ANSWER:

The Hillsborough County purchased power agreement ("PPA") has two availability guarantee levels: 90 percent and 95 percent. The higher availability level of 95 percent is for the eight months when Tampa Electric expects the highest customer load requirements. The remaining four months have an availability level of 90 percent. These availabilities are negotiated values and average to an annual availability of 93.3 percent. By comparison, the Monthly Availability Factor ("MAF") in both the 2024 and 2025 Standard Offer Contracts ("SOCs") is 90 percent. The 2024 and 2025 SOC also has a second-tier performance calculation called Monthly Capacity Factor (MCF), which evaluates the seller's on and off-peak performance. Since the PPA is a round-the-clock, must-take, high-capacity factor energy purchase, the parties agreed that a single-tier monthly availability calculation was sufficient.

3. Please provide a comparison of what the terms of default are for the Purchased Power Agreement (PPA) versus the 2024 and 2025 SOC's, including the 70 percent monthly availability threshold.

ANSWER:

The terms of default within the PPA are similar to Section 21(a) (Mandatory Default) in the 2024 and 2025 SOC's. However, a key difference is in the performance level that triggers a default. In the PPA, a default occurs if Hillsborough County delivers at less than 70 percent availability during any six (6) months of the year. In the 2024 and 2025 SOC's, a default occurs if the capacity and energy provider (CEP) fails to achieve a 50 percent availability for twelve (12) consecutive months.

The default provisions in the Hillsborough County contract, although similar to the SOC default provisions, are more stringent than those found in the 2024 and 2025 SOC's and provide additional protection for customers.

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4. Please explain how any costs and benefits associated with the environmental attributes and/or Renewable Energy Credits (RECs) from the PPA will be accounted for. As part of your response, explain what costs or benefits would be passed on to ratepayers and through what mechanism (such as base rates or the Fuel Clause).

ANSWER:

Tampa Electric only pays for delivered energy and does not pay any additional cost for Renewable Energy Credits ("RECs"). The company receives all RECs associated with the energy it receives at no additional cost. In the event Tampa Electric sells the RECs, the revenue treatment will be the same as with its solar REC sales, and the revenues associated with those REC sales would flow to customers through the Environmental Cost Recovery Clause.

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5. Please refer to paragraph 21 of TECO's petition. Provide a copy of the analysis used to determine the \$3.1 to \$11.6 million customer savings value. As part of this response, please provide supporting documents and describe what sensitivities the Company conducted for the range of values and why it selected them.

ANSWER:

Tampa Electric conducted six (6) sensitivities as part of its evaluation. The sensitivities are for different firm capacity and energy delivery levels and are described below:

- Sixteen (16) MW firm capacity at 100 percent availability,
- Sixteen (16) MW firm capacity at the minimum contract availability levels of 90 percent or 95 percent, depending on the month,
- Thirty-five (35) MW firm capacity at 100 percent availability,
- Thirty-five (35) MW firm capacity at the minimum contract availability levels of 90 percent or 95 percent, depending on the month,
- Sixteen (16) MW firm capacity at 100 percent availability with an incremental 19 MW of non-firm energy delivery eight (8) hours per day, and,
- Sixteen (16) MW firm capacity at the minimum contract availability levels of 90 percent or 95 percent, depending on the month, with an incremental 19 MW of non-firm energy delivery eight (8) hours per day.

The last two sensitivities are cases that capture Hillsborough County's option to deliver extra energy during Tampa Electric's peak hours. The company selected these sensitivities as they represent the minimum and maximum ranges of capacity and energy delivery from Hillsborough.

Tampa Electric is providing supporting documents associated with all sensitivities in the Excel spreadsheet entitled "(BS 6) HC WTE Economics For Staffs 1st DR No 5."

- 6.** Please refer to Exhibit 1, Section 5 on page 16.
- a. Explain if a transmission study could be required as a result of the PPA. If so, provide the estimated cost of a transmission study, explain whether it was included in the Company's cost-effectiveness analysis, and how TECO would seek cost recovery for the transmission study.
 - b. If transmission upgrades are required and TECO pays for such, explain how TECO could seek cost recovery.

ANSWER:

- a. The Hillsborough County facility is in Tampa Electric's service territory, and the only transmission provider involved in the transmission service request process is Tampa Electric. A transmission study was required for securing the transmission. Tampa Electric paid for the study and does not plan to request recovery for the study cost from customers through the fuel clause, or in other future rate requests.
- b. No transmission upgrades are required.

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7. To the extent payments made under the PPA exceed the energy-only amounts of TECO's 2024 and 2025 SOC's, detail the security under the PPA for these early capacity payments as required by Rule 25-17.0832(3)(c), Florida Administrative Code. As part of this response, provide the annual and cumulative value of early capacity payment security under the contract compared to the 2024 and 2025 SOC's for the life of the contract.

ANSWER:

The company's responses to Data Request Nos. 9 and 10 contain the comparison of the PPA contract cost and the 2024 and 2025 SOC's. See the Excel spreadsheet entitled "(BS 13)HC WTE Economics For Staffs 1st DR Nos 9-10." For the 2024 SOC, the cumulative savings break-even year for the energy only payments is 2028. For the 2025 SOC, the cumulative savings for energy only payments reach a break-even point during the second year of the contract, in 2026.

The PPA price is less than the 2024 and 2025 SOC energy-only amounts in all but two years for each SOC comparison. For the 2024 SOC, the years where the SOC energy-only amount is less are 2025 and 2026. For the 2025 SOC, the years where the SOC energy-only amount is less are 2025 and 2027. The amount that the energy-only payments exceed the SOC for the 16 MW scenario is less than \$700 thousand compared to the 2024 SOC and less than \$500 thousand compared to the 2025 SOC, and those variances are negated by the positive savings for customers in future years. For the 35 MW scenario, the amount that the energy-only payments exceed the SOC is about \$1.5 million compared to the 2024 SOC and about \$1 million compared to the 2025 SOC, and those variances are negated by the positive savings for customers in future years. The termination payments outlined in the table referenced below far exceed these costs. In addition, all scenarios – 16 MW or 35 MW compared to either the 2024 or 2025 SOC – demonstrate that the total payments generate savings to customers under the PPA beginning in year 1, or 2025.

For reference, the values of the termination payments from Exhibit II of the PPA are shown in the following table.

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Termination Payment Table

Year	Total
2025	\$6,384,268
2026	\$6,062,548
2027	\$5,583,387
2028	\$5,068,734
2029	\$4,513,695
2030	\$3,919,810
2031	\$3,281,934
2032	\$2,596,811
2033	\$1,858,675
2034	\$1,068,130
2035	\$203,924

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8. Please provide the Company's annual seasonal Reserve Margins over the period of the contract with and without the PPA, in MW and as a percent of the net firm peak demand.

ANSWER:

Tampa Electric's annual reserve margins by season through the term of the PPA are listed below. The base case is without the PPA and contains the company's resource which is a 247 MW combustion turbine ("CT") in the year 2030. The change case includes the 16 MW PPA which defers that CT to the year 2031.

Base
Without 16 MW PPA

	2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035	
	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S
MW	995	1,277	1,018	1,284	998	1,247	1,012	1,278	957	1,236	1,149	1,416	1,097	1,373	1,046	1,331	996	1,289	1,194	1,467	1,127	1,399
RM (%)	23%	31%	23%	30%	22%	29%	22%	30%	21%	28%	25%	32%	23%	31%	22%	30%	21%	29%	25%	32%	23%	30%

Change
With 16 MW PPA

	2025		2026		2027		2028		2029		2030		2031		2032		2033		2034		2035	
	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S	W	S
MW	995	1,293	1,094	1,300	1,014	1,263	1,028	1,292	979	1,252	918	1,210	1,113	1,389	1,062	1,347	1,012	1,305	1,210	1,463	1,149	1,399
RM (%)	23%	31%	29%	31%	25%	30%	29%	30%	21%	29%	20%	28%	24%	31%	22%	30%	21%	29%	25%	33%	29%	30%

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9. Please provide a comparison of the expected energy payments under the PPA with TECO's approved 2024 SOC. Complete the table below by providing the annual value of payments, in nominal and net present value, for PPA energy payments, SOC energy payments, SOC capacity payments, the net differential and the cumulative differential of payments in table in Excel format.
- a. Please provide a version of this based on a low fuel price, high fuel price, and assuming Hillsborough increases its firm capacity to 35 MW.

ANSWER:

The requested analysis is provided in the Excel spreadsheet entitled "(BS 13) HC WTE Economics For Staffs 1st DR Nos 9-10." The contract generates an estimated \$13.1 million NPV benefit for customers for 16 MW capacity and a \$28.5 million NPV benefit for customers at 35 MW capacity at the base fuel prices. The NPV benefit for customers is based on the PPA compared to the 2024 and 2025 SOCs.

- a. The requested analysis is provided in the Excel spreadsheet entitled "(BS 13) HC WTE Economics For Staffs 1st DR Nos 9-10." The PPA is beneficial to customers in all scenarios.

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10. Please provide a comparison of the expected energy payments under the PPA with TECO's pending 2025 SOC. Complete the table on the next page by providing the annual value of payments, in nominal and net present value, for PPA energy payments, SOC energy payments, SOC capacity payments, the net differential, and the cumulative differential of payments in table in Excel format.
- a. Please provide a version of this based on a low fuel price, high fuel price, and assuming Hillsborough increases its firm capacity to 35 MW.

PPA vs (2024 or 2025) Standard Offer Contract - (Base Case / Low Fuel / High Fuel / Uprated Capacity) – (Nominal or Real)

Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Sum
PPA Energy (MWh)												
PPA Capacity (MW)												
PPA Energy Payments (\$)												
PPA Total Payments (\$)												
SOC Capacity Payment (\$)												
SOC Energy Payments (\$)												
SOC Total Payments (\$)												
Annual Payment Differential (\$)												
Cumul Payment Differential (\$)												

ANSWER:

The requested analysis is provided in the Excel spreadsheet entitled "(BS 13) HC WTE Economics For Staffs 1st DR Nos 9-10." The contract generates an estimated \$15.0 million NPV benefit for customers for 16 MW capacity and a \$32.8 million NPV benefit for customers at 35 MW capacity at the base fuel prices. The NPV benefit for customers is based on the PPA compared to the 2024 and 2025 SOCs.

- a. The requested analysis is provided in the Excel spreadsheet entitled "(BS 13) HC WTE Economics for Staffs 1st DR Nos 9-10." The PPA is beneficial to customers in all scenarios.