



Public Service Commission

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RECORDS AND REPORTING

DATE: OCTOBER 5, 2000

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (MERTA, P. LEE, D. DRAPER, SM DM-S
C. ROMIG ^{RNT})
DIVISION OF LEGAL SERVICES (ELIAS) ^{RUE} ALM

RE: DOCKET NO. 950379-EI - DETERMINATION OF REGULATED EARNINGS OF TAMPA ELECTRIC COMPANY PURSUANT TO STIPULATIONS FOR CALENDAR YEARS 1995 THROUGH 1999.

AGENDA: 10/17/00 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\950379.RCM

CASE BACKGROUND

On March 1, 1996, Tampa Electric Company (TECO or the company) submitted its 1996 Forecasted Earnings Surveillance Report in compliance with Rule 25-6.1353, Florida Administrative Code. According to that report, TECO forecasted an achieved return on equity (ROE) of 13.27% which exceeded its then currently authorized ROE ceiling of 12.75%. Due to the high level of TECO's forecasted earnings, meetings were held to explore the possible disposition of the excess earnings. TECO, the Office of Public Counsel (OPC), the Florida Industrial Power Users Group (FIPUG), and Commission staff participated in the meetings.

On March 25, 1996, TECO, OPC, and FIPUG filed a joint motion for approval of a stipulation that resolved the issues regarding TECO's overearnings and the disposition of those overearnings for the period 1995 through 1998. This stipulation was approved by

DOCUMENT NUMBER-DATE

12678 OCT-58

FPSC-RECORDS/REPORTING

DOCKET NO. 950379-EI
DATE: October 5, 2000

Order No. PSC-96-0670-S-EI, issued May 20, 1996. The stipulation, agreed to by TECO, OPC and FIPUG:

- 1) froze existing base rate levels through December 31, 1998;
- 2) refunded \$25 million plus interest over a one year period commencing on October 1, 1996;
- 3) deferred 60% of the net revenues that contribute to a return on equity (ROE) in excess of 11.75% for 1996;
- 4) deferred 60% of the net revenues that contribute to an ROE in excess of 11.75% up to a net ROE of 12.75% for 1997;
- 5) deferred 60% of the net revenues that contribute to an ROE in excess of 11.75% up to a net ROE of 12.75% for 1998;
- 6) refunded any net revenues contributing to a net ROE in excess of 12.75% for 1998 plus any remaining deferred revenues from 1996 and 1997;
- 7) allowed TECO the discretion to reverse and add to its 1997 or 1998 revenues all or any portion of the balance of the previously deferred revenues;
- 8) prohibited TECO from using the various cost recovery clauses to recover capital items that would normally be recovered through base rates; and
- 9) required consideration of the regulatory treatment of the Polk Power Station separately.

Order No. PSC-96-1300-S-EI, issued October 24, 1996, in Docket No. 960409-EI (Prudence review to determine the regulatory treatment of TECO's Polk Unit) approved an additional stipulation entered into by TECO, OPC and FIPUG. The stipulation resolved the issues in the Polk Unit docket, agreed to a rate settlement covering TECO's base rates and rate of return for the period January 1, 1999 through December 31, 1999, and modified the Stipulation approved in Order No. PSC-96-0670-S-EI. It resulted in an extension through 1999 of the rate freeze established by the first stipulation and a guaranteed additional \$25 million refund starting in October, 1997.

The October 1999 stipulation:

- 1) extended the existing freeze on TECO's base rates from January 1, 1999, through December 31, 1999;
- 2) precluded TECO from filing a rate increase request prior to July 1, 1999, and precluded TECO from requesting an interim increase in any such docket which is filed prior to January 1, 2000;
- 3) provided for an additional \$25 million refund over fifteen months beginning about October 1, 1997 and credited to customers' bills based on actual KWH usage adjusted for line losses;
- 4) allowed TECO to defer into 1999 any portion of its 1998 revenues not subject to refund;
- 5) provided for the refund in the year 2000 of 60% of any revenues which contributed to a ROE in excess of 12% up to a net ROE of 12.75% for calendar year 1999;
- 6) provided for the refund in the year 2000 of 100% of any revenues which contributed to a ROE in excess of 12.75% for calendar year 1999;
- 7) resolved all of the issues in Docket 960409-EI by conferring a finding of prudence on the commencement and continued construction of the Polk Unit by TECO;
- 8) allowed TECO to include the actual final capital cost of the Polk Unit in rate base for all regulatory purposes, up to an amount equal to one percent above the capital cost estimate of \$506,165,000 plus related estimated working capital of \$13,029,000;
- 9) allowed TECO to include the full operating expense of the Polk Unit in the calculation of net operating income for all regulatory purposes (estimated to be \$20,582,000 net of DOE funding for the first 12 months);
- 10) placed the entire investment in the Port Manatee site and any future gain on sale of this site to an independent third party below the line;

- 11) continued to use the separation procedure adopted in the company's last rate case to separate any current and future wholesale sales from the retail jurisdiction; and
- 12) provided that any further Commission action relative to this stipulation will be considered in Docket No. 950379-EI.

The parties filed an amendment to the stipulation which allows the Commission to determine the appropriate separation treatment of any off-system sale that is priced based on the Polk Unit's incremental fuel cost. This amendment addressed concerns regarding the potential subsidization of wholesale sales by the retail ratepayers.

By Order No. PSC-97-0436-FOF-EI, issued April 17, 1997, the Commission determined that \$50,517,063, plus interest should be deferred from 1995. Of the \$50,517,063, \$10 million has already been refunded to the customers as part of the \$25 million refund that began October 1, 1996. By Order No. PSC-99-0683-FOF-EI, issued April 7, 1999, the Commission determined that, after refunding \$15 million, \$22,081,064 plus interest remained to be deferred from 1996. Based on the Commission's decisions for 1995, 1996, and 1997, at December 31, 1997, there was approximately \$44.5 million, including interest, to be deferred into 1998 earnings. By Order No. PSC-99-1940-PAA-EI, issued October 1, 1999, the Commission determined that the maximum allowed revenue reversal for 1997 was \$27,056,807. For 1998, by Order No. PSC-99-2007-PAA-EI, issued October 14, 1999, the Commission determined that the maximum allowed revenue reversal was \$34,069,010 and that the refund, including interest, as of December 31, 1998, was \$11,226,598.

On October 22, 1999, FIPUG filed a protest of Order Nos. PSC-99-1940-PAA-EI and PSC-99-2007-PAA-EI. On October 22, 1999, TECO filed a protest of Order No. 99-1940-PAA-EI and on November 3, 1999 filed a protest of Order No. 99-2007-PAA-EI. On August 8, 2000, the Commission issued Order No. PSC-00-1441-AS-EI approving a settlement agreement among TECO, FIPUG and OPC. The parties agreed:

- 1) that Order Nos. PSC-99-1940-PAA-EI and PSC-99-2007-PAA-EI should be made final orders by the Commission;
- 2) to a refund of \$13 million plus interest on the unamortized amount of the refund; and
- 3) to file a Joint Dismissal of the Appeal in FIPUG v. FPSC, Supreme Court Case No. SC 00-1209.

This recommendation addresses 1999's earnings. Specifically, the issues in this recommendation discuss asset transfers between affiliates, the change in depreciation rates, the removal of an Environmental Cost Recovery Clause (ECRC) liability, industry association dues, advertising, ECRC depreciation, TECO's investment in a 25% interest in a transmission line, the overpayment of Gross Receipts Tax, and the company's equity ratio. As a result of these adjustments staff is recommending that \$6,102,126, including interest, be refunded to customers.

DISCUSSION OF ISSUES

ISSUE 1: What is the appropriate rate base for 1999?

RECOMMENDATION: The appropriate rate base is \$2,116,831,729.
(ATTACHMENT A) (MERTA, P. LEE)

STAFF ANALYSIS: Based on the adjustments discussed below, the appropriate rate base is \$2,116,831,729 for 1999.

Adjustment 1: Asset Transfers Between Affiliates - In response to Staff's Data Request, Item No. 8, TECO indicated that it had inadvertently failed to make the reserve adjustments prescribed by Order Nos. PSC-99-1940-PAA-EI and PSC-99-2001-PAA-EI concerning the treatment of the 1997 asset transfers between TECO and Peoples Gas Company. If an adjustment had been made in 1999 for the two trucks that should have been sold at net book value rather than fair market value, the reserve for heavy vehicles would have increased by a jurisdictional amount of \$61,003.

Adjustment 2: Change in Depreciation Rates - Per Audit Disclosure No. 6, the company made an adjustment in March, 2000 to reflect the revised depreciation rates, dismantlement accruals, and recovery/amortization schedules approved effective January 1, 1999, by Order No. PSC-00-0603-PAA-EI, issued March 29, 2000 in Docket No. 990529-EI. The adjustment only reflected the true-up due to the revised depreciation rates; it did not include any true-up reflecting the approved dismantlement accrual or recovery schedules. Since the adjustment was not booked until 2000, TECO agrees that an adjustment should be made to the 1999 depreciation expenses and accumulated depreciation to reflect the revised

depreciation rates, accruals, and recovery schedules. Accordingly, the 1999 depreciation expense and accumulated depreciation should be decreased \$1,905,409 and increased \$952,705, respectively on a jurisdictional basis.

Adjustment 3: ECRC Liability - Per Audit Disclosure No. 5, the company did not make an adjustment to remove a Deferred Credit - ECRC of \$116,591 from working capital. TECO agrees that it did erroneously omit this clause related adjustment. Had the adjustment been included in working capital, the rate base would have increased by \$116,591.

ISSUE 2: What is the appropriate capital structure for purposes of measuring earnings for 1999?

RECOMMENDATION: For the purpose of measuring earnings under the stipulation, the appropriate capital structure for 1999 is shown on Attachment B. (D. DRAPER)

STAFF ANALYSIS: Staff began its analysis with the 13-month average capital structure from the company's Earnings Surveillance Report (ESR) for the period ending December 31, 1999. Consistent with the Commission's decision in Order No. PSC-98-0802-FOF-EI, issued June 9, 1998, a specific adjustment was made to cap the equity ratio at the actual level achieved in 1995 of 58.7%.

The cost rate on the balance of deferred revenues is based on the average 30-day commercial paper rate as per Rule 25-6.109, Florida Administrative Code. The average 30-day commercial paper rate for 1999 was 5.06%. The treatment of deferred revenue as a separate line item in the capital structure is consistent with the Commission's decision in Order No. PSC-99-0683-FOF-EI.

The company calculated the cost rate for short-term debt as 5.28% by using the actual interest expense and the average daily balance for short-term debt. This average daily balance is calculated by totaling the balance of outstanding short-term debt for each day and then dividing by the number of days in the year. Staff calculated a cost rate of 5.00% for short-term debt by using the actual interest expense and the 13-month average balance for short-term debt. Staff believes that 5.00% is the appropriate cost

rate to use for short-term debt for the following reasons. First, using the 13-month average cost rate allows the recovery of only the actual interest expense incurred. Second, this method is consistent with the 13-month average balances reported in the capital structure and rate base. Unless this adjustment is made, applying the cost rate calculated by the company to the 13-month average balance of short-term debt would result in an overrecovery of interest expense incurred by the company in 1999.

The Stipulation approved in Order No. PSC-96-1300-S-EI, in Docket No. 960409-EI provides for a refund in the year 2000 of 60% of any revenues which contribute to an ROE in excess of 12.0% up to a net ROE of 12.75% and 100% of any revenues which contribute to a ROE in excess of 12.75% for calendar year 1999. For purposes of measuring, earnings for 1999 in accordance with the Stipulation, staff used a cost rate for common equity of 12.0%.

In 1995 and 1996, the pro rata adjustments were made over all sources of capital to be consistent with how the company filed its ESR. After reviewing Order No. PSC-93-0165-FOF-EI, issued February 2, 1993, following TECO's last rate case, staff determined that the reconciling adjustment in the company's ESR was not consistent with the treatment in the last rate case. To be consistent with how the pro rata adjustment was made in the last rate case, staff recommends that pro rata adjustments be made over investor sources of capital and customer deposits. As discussed in Issue 1, staff made an adjustment of \$1,008,293 to rate base. Consistent with the Commission's decision in Order No. PSC-99-2007-PAA-EI and for the reasons just discussed, staff made this pro rata adjustment over investor sources of capital and customer deposits.

Attachment B details the appropriate capital structure for purposes of measuring 1999 earnings under the stipulations.

ISSUE 3: What is the appropriate net operating income for 1999?

RECOMMENDATION: The appropriate net operating income is \$178,865,684 for 1999. (ATTACHMENT A) (MERTA, C. ROMIG)

STAFF ANALYSIS: Based on the adjustments discussed below, the appropriate net operating income is \$178,865,684 for 1999.

Adjustment 4: Deferred Revenue Accrual - In 1999, TECO accrued \$4,000,000 of deferred revenue for its estimated refunds. In order to properly determine the amount of 1999 revenues to be refunded, \$4,000,000 should be included in revenues.

Adjustment 5: Industry Association Dues - Based on Audit Disclosure No. 2, staff recommends that expenses be reduced by \$18,750 for the Global Climate Coalition and \$1,500 for The Conference Board. In staff's opinion, the dues of these associations do not relate to the provision of electricity and do not provide direct benefit to ratepayers; therefore, the costs should not be borne by ratepayers. Order No. 93-0165-FOF-EI, (TECO's 1992 rate case), issued February 2, 1993, disallowed similar costs. Staff recommends that expenses be reduced by a total of \$20,250 for industry association dues.

Adjustment 6: Advertising - Based on Audit Disclosure No. 1, 100% of Y2K readiness bill inserts for Tampa Electric and Peoples Gas were charged to TECO instead of being allocated between TECO and Peoples Gas. Staff recommends that expenses be reduced by \$5,443 for the allocation. In addition, consistent with Order No. PSC-94-0170-FOF-EI (Florida Public Utilities Company Marianna Division 1993 rate case), issued February 10, 1994, staff recommends that image building, promotional advertising be removed because such expenses provide no benefit to ratepayers. Staff recommends that \$5,000 to the Tampa Bay Regional Planning Council for sponsorship of the 1999 Hurricane Guide Public Awareness Campaign, \$12,000 to the New York Yankees for wall signs at Legends Field with the Tampa Electric logo, \$2,281 for mini soccer balls with the Tampa Electric logo given away at Tampa Bay Mutiny soccer games, \$3,412 for food and drinks at the Florida Plant Engineering & Maintenance Show, and \$1,000 for co-sponsorship of the Pinellas and Hillsborough County Hotel and Motel Association annual education fund raiser be disallowed. Therefore, expenses should be reduced by \$29,136.

Adjustment 7: Environmental Cost Recovery Clause (ECRC) Depreciation - A scrubber went into service in December 1999. The depreciation expense related to the scrubber, which will be recovered through the ECRC, was not removed from the Earnings

Surveillance Report (ESR). Therefore, depreciation expense should be reduced by \$507,000.

Adjustment 8: Orlando Utility Commission's (OUC) Transmission Line - The recommended adjustment is being made consistent with the Commission's decision in Order No. PSC-97-0436-FOF-EI (TECO's 1995 Earnings Docket), Order No. PSC-98-0802-FOF-EI (TECO's 1996 Earnings Docket), Order No. PSC-99-1940-PAA-EI (TECO's 1997 Earnings Docket), and Order No. PSC-99-2007-PAA-EI (TECO's 1998 Earnings Docket). TECO owns a 25% share in OUC's 230 KV line connecting the Lake Agnes substation to the Cane Island generating station. By Order No. PSC-97-0436-FOF-EI, the Commission directed that TECO's entire investment in the transmission line be removed from the calculation of 1995 earnings and allocated to the wholesale jurisdiction because the line was purchased "primarily to ensure the ability to make wholesale sales to entities such as the Reedy Creek Improvement District." The Commission stated:

The utility has failed to demonstrate the benefits to retail ratepayers that would justify the allocation of any portion of the transmission line to the retail jurisdiction. Based on the information available at this time, we find that the entire investment shall be assigned to the wholesale jurisdiction.

The company removed plant-in-service, accumulated amortization, net acquisition adjustment and amortization expense related to the OUC transmission line from the 1999 ESR. However, it failed to remove Taxes Other. Therefore, staff recommends Taxes Other be reduced by \$43,128. The 1999 O&M costs associated with the OUC transmission line were booked February 2000 and therefore, not included in 1999's earnings.

Adjustment 9: Gross Receipts Tax - Per Audit Disclosure No. 4, the company overpaid its Gross Receipts Tax by \$158,608. Staff recommends that Taxes Other Than Income be reduced by \$158,608. The company made this adjustment in its June 2000 return.

Adjustment 10: Tax Effect of Other Adjustments, ITC Synchronization and Interest Reconciliation - The tax effect of staff's adjustments to NOI, ITC synchronization and interest reconciliation results in a \$2,014,423 increase to income taxes.

Adjustment 11: Interest Reconciliation - This adjustment is based on the reconciliation of the rate base and the capital structure. In this instance, income taxes should be reduced by \$556,034. (ATTACHMENT C)

Interest on Tax Deficiencies

On its December 31, 1999 ESR, the company included \$12,687,671 for "Interest on Tax Issues" as an above-the-line expense. The \$12,687,671 represents,

... the interest associated with income tax positions taken by the company for the 1986-1988, 1989-1991 and 1992-1994 tax periods that the IRS had contested. The expense also recognizes interest for the unaudited 1995-1998 tax period since the tax positions for 1995-1998 are identical to issues disputed by the IRS in the earlier periods.

To include the interest expense in the calculation of regulated earnings, the company must demonstrate that its positions for the approximately \$37,649,000 of taxes were prudent and in the best interest of the ratepayers. (The Commission has previously approved above-the-line treatment for Florida Power Corporation, Florida Power and Light Company and Peoples Gas System.) To substantiate its position on the foregoing, the company produced documentation that listed the items that had been contested by the Internal Revenue Service (IRS) and lost by the company and several cost/benefit analyses that indicated that the benefit of the deferred taxes associated with the tax positions taken by the company outweighed the interest expense associated with these taxes.

Staff reviewed the information provided by TECO, paying particular attention to its cost/benefit analyses. One of the company's analyses used the method applied in Commission Order No. PSC-98-0329-FOF-GU, in Docket No. 971310-GU, Peoples Gas. This analysis, which does not consider the time value of the savings, shows customer benefits of approximately \$10,742,000. This method assumes that the deferred taxes related to the "withheld tax payments" is replaced with investor sources of capital. Staff believes that this method is supportable. Based on this, staff believes the above-the-line treatment of the \$12,687,671 to be appropriate for 1999.

However, it should be noted that the above-the-line treatment of the interest on tax deficiencies/issues for TECO is recommended solely upon the merits of the company's cost/benefit results. Therefore, the above-the-line treatment of interest on subsequent tax deficiencies/issues should not be assumed to be appropriate. The appropriate accounting and recovery should be decided on a case by case basis, following the careful examination of the unique

circumstances of each underlying position taken by the company that gave rise to the interest and whether it resulted in a benefit to the ratepayers.

Although this interest was recorded in 1999, the interest is applicable to 1999 and prior years. As such, this interest expense has no future benefit. However, had the company recorded the interest expense in prior years when it was actually accruing, then the prior years' earnings and the prior years' refunds that have already been distributed would have been less.

ISSUE 4: What is the amount to be refunded?

RECOMMENDATION: The amount to be refunded is \$6,102,126, including interest, as of December 31, 2000. Additional interest should be accrued from December 31, 2000 to the time the actual refund is completed. (ATTACHMENT D) (MERTA)

STAFF ANALYSIS: The stipulation requires that 60% of any earnings over 12.0% ROE for 1999 be refunded. Attachment D summarizes the amount to be refunded. In accordance with paragraph 4 of the Stipulation approved in Order No. PSC-96-1300-S-EI, the total refund paid out in 2000 shall be provided to customers at a rate of \$2 million per month until the entire refund is exhausted except for any amount less than \$2 million which shall be treated as a true-up in the next fuel adjustment period. The refund shall include interest on the unamortized amount of the refund. Staff assumes the refund will not begin until at least January 1, 2001. Therefore, additional interest should be accrued from December 31, 2000 to the time the actual refund is completed.

DOCKET NO. 950379-EI
DATE: October 5, 2000

ISSUE 5: Should this docket be closed?

RECOMMENDATION: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (ELIAS)

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.

TAMPA ELECTRIC COMPANY
DOCKET NO. 950379-EI
REVIEW OF 1999 EARNINGS

DOCKET NO: 950379-EI
DATE: October 5, 2000

	As Filed FPSC Adjusted Basis	Asset Transfer	Change in Depreciation Rates	ECRC Liability	Deferred Revenue Accrual	Industry Assoc. Dues	Advertising	ECRC Depreciation	OUC Transmission Line	Gross Receipts Tax	Interest Reconciliation	Total Adjustments	Total Adjusted Rate Base
RATE BASE													
Plant in Service	\$3,461,523,114											\$0	\$3,461,523,114
Accumulated Depreciation	(1,453,094,672)	(61,003)	952,705									891,702	(1,452,202,971)
Net Plant in Service	2,008,428,442	(61,003)	952,705	0	0	0	0	0	0	0	0	891,702	2,009,320,144
Property Held for Future Use	31,218,432											0	31,218,432
Construction Work in Progress	48,904,076											0	48,904,076
Net Utility Plant	2,088,550,950	(61,003)	952,705	0	0	0	0	0	0	0	0	891,702	2,089,442,652
Working Capital	27,272,486			116,591								116,591	27,389,077
Total Rate Base	\$2,115,823,436	(\$61,003)	\$952,705	\$116,591	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,008,293	\$2,116,831,729

INCOME STATEMENT

Operating Revenues	\$673,131,789											\$4,000,000	\$677,131,789
Operating Expenses:												\$4,000,000	\$677,131,789
Operation & Maintenance - Fuel	10,980,860											0	10,980,860
Operation & Maintenance - Other	234,627,583					(20,250)	(29,136)					(49,386)	234,578,197
Depreciation & Amortization	137,203,881		(1,905,409)					(507,000)				(2,412,409)	134,791,472
Taxes Other Than Income	47,435,458								(43,128)	(158,608)		(201,736)	47,233,722
Income Taxes - Current	86,416,568		735,012		1,543,000	7,811	11,239	195,575	16,637	61,183	(556,034)	2,014,423	88,430,991
Deferred Income Taxes (Net)	(13,465,313)											0	(13,465,313)
Investment Tax Credit (Net)	(4,263,365)											0	(4,263,365)
(Gain)/Loss on Disposition	(20,459)											0	(20,459)
Total Operating Expenses	498,915,213	0	(1,170,397)	0	1,543,000	(12,439)	(17,897)	(311,425)	(26,491)	(97,425)	(556,034)	(649,108)	498,266,105
Net Operating Income	\$174,216,576	\$0	\$1,170,397	\$0	\$2,457,000	\$12,439	\$17,897	\$311,425	\$26,491	\$97,425	\$556,034	\$4,649,108	\$178,865,684

OVERALL RATE OF RETURN

8.23%

0.22% 8.45%

RETURN ON EQUITY

11.95%

0.61% 12.56%

ATTACHMENT B

DOCKET NO. 950379-EI
 TAMPA ELECTRIC COMPANY
 STAFF ADJUSTED EARNINGS SURVEILLANCE REPORT
 YEAR ENDING DECEMBER 31, 1999

AVERAGE TEST YEAR	ADJUSTMENTS							WEIGHT	COST RATE	WEIGHTED COST
	RETAIL PER BOOKS	COMPANY SPECIFIC	COMPANY PRO RATA	COMPANY ADJUSTED	STAFF SPECIFIC	STAFF PRO RATA	STAFF ADJUSTED			
LONG TERM DEBT	\$686,573,509	(\$5,548,455)	(\$73,309,204)	\$607,715,850	\$23,416,300	\$360,699	\$631,492,849	29.83%	6.54%	1.95%
SHORT TERM DEBT	87,022,511	(212)	(9,367,549)	77,654,750		44,381	\$77,699,131	3.67%	5.00%	0.18%
PREFERRED STOCK	0	0	0	0		0	\$0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	53,866,130	0	(5,798,440)	48,067,690		27,471	\$48,095,161	2.27%	6.12%	0.14%
COMMON EQUITY	1,154,445,058	723,930	(124,348,611)	1,030,820,377	(23,416,300)	575,742	\$1,007,979,819	47.62%	12.00%	5.71%
DEFERRED REVENUE	7,705,739		0	7,705,739			\$7,705,739	0.36%	5.06%	0.02%
DEFERRED TAXES	341,426,601	1,530,664	(36,917,767)	306,039,498			\$306,039,498	14.46%	0.00%	0.00%
FAS 109 DEFERRED TAXES	0	0	0	0			\$0	0.00%	0.00%	0.00%
TAX CREDITS - ZERO COST	0	0	0	0			\$0	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	42,392,160	(10,430)	(4,562,198)	37,819,532			\$37,819,532	1.79%	9.90%	0.18%
	\$2,373,431,708	(\$3,304,503)	(\$254,303,769)	\$2,115,823,436	\$0	\$1,008,293	\$2,116,831,729	100%		8.18%
			EQUITY RATIO	60.06%		EQUITY RATIO	58.70%			

TAMPA ELECTRIC COMPANY
 DOCKET NO. 950379-EI
REVIEW OF 1999 EARNINGS

INTEREST RECONCILIATION

	Amount	Cost Rate	Interest Exp.	Tax Rate	Effect on Income Tax
Long Term Debt	\$631,492,849	6.54%	\$41,299,632		
Short Term Debt	77,699,131	5.00%	3,884,957		
Customer Deposits	48,095,161	6.12%	2,943,424		
Deferred Revenue	7,705,739	5.06%	389,910		
Tax Credits - Weighted Cost	37,819,532	2.52%	952,704		
Interest Expense			49,470,627		
Adj. Company Interest Expense			48,029,192		
Adjustment			<u>(\$1,441,435)</u>	38.575%	<u>(\$556,034)</u>

ATTACHMENT D

TAMPA ELECTRIC COMPANY
DOCKET NO. 950379-EI
REVIEW OF 1999 EARNINGS

Adjusted Rate Base ¹		\$2,116,831,729
Adjusted Achieved Rate of Return	8.45%	
Allowed Maximum Rate of Return at 12.00% ROE	<u>8.18%</u>	
Excess Rate of Return		x <u>0.27%</u>
Excess Net Operating Income		5,715,446
Revenue Expansion Factor		x <u>1.62800</u>
Revenues in Excess of 12.00% ROE		9,304,757
Less 40% Sharing		(3,721,903)
Amount to be Refunded		<u>5,582,854</u>
Interest from January 1, 1999 to December 31,2000		<u>519,272</u>
Total Amount to be Refunded		<u><u>\$6,102,126</u></u>

DOCKET NO. 950379-EI
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ATTACHMENT D
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