

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of 2007 depreciation study and annual dismantlement accrual amounts by Tampa Electric Company.

DOCKET NO. 070284-EI

ORDER NO. PSC-07-0657-PCO-EI

ISSUED: August 15, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

ORDER APPROVING PRELIMINARY IMPLEMENTATION OF  
TAMPA ELECTRIC COMPANY'S PROPOSED DEPRECIATION RATES  
AND FOSSIL DISMANTLEMENT ACCRUALS

BY THE COMMISSION:

Background

Rule 25-6.0436(8)(a), Florida Administrative Code (F.A.C.), requires investor-owned utilities to file comprehensive depreciation studies at least once every four years. On April 27, 2007, Tampa Electric Company (Tampa Electric or company) filed its regular depreciation study in accordance with Rule 25-6.0436, F.A.C. Included with its depreciation study was Tampa Electric's Petition for Approval of its 2007 Depreciation Study (Petition). The Petition requests, among other things, preliminary implementation of Tampa Electric's proposed depreciation rates and fossil dismantlement accruals as of January 1, 2007, in accordance with Rule 25-6.0436(5), F.A.C.

We are scheduled to consider the company's final depreciation rates, which will have an implementation date of January 1, 2007, in November of this year. This Order addresses Tampa Electric's request for preliminary implementation of the proposed depreciation rates and fossil dismantlement accruals.

One of the reasons for Tampa Electric's request were changes made to its plant to address alleged violations of the Clean Air Act and Florida laws. Tampa Electric was required to shut down and repower units at the Gannon Station on or before December 31, 2004, pursuant to a Consent Decree (CD) and Consent Final Judgment (CFJ) entered by the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (DEP), respectively. The CD and CFJ included provisions for environmental controls and pollution

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reductions from its coal-fired power plants. The emission reduction provisions required increased availability of flue gas desulfurization systems (scrubbers) to help reduce SO<sub>2</sub>, implementation of projects for No<sub>x</sub> reduction efforts at Big Bend Units 1 through 3, and the repowering of the coal-fired Gannon Power Station (Gannon) to natural gas. The repowered units were renamed Bayside Power Station (Bayside) with in-service dates of April 24, 2003, and January 15, 2004. The last depreciation study addressed the issues relating to the capital recovery due to the shutdown of Gannon and the construction of Bayside. The recovery of costs for the selective catalytic recovery technology (SCR) projects are through the Environmental Cost Recovery Clause.<sup>1</sup>

The company states the completed station has a total station capacity of about 1,800 megawatts (nominal) of efficient, natural gas-fueled, combined cycle electric generation, which uses 10 percent less fuel for the same amount of power output. Also, the repowering has reduced the facility's No<sub>x</sub> and SO<sub>2</sub> emissions by approximately 99 percent, and particulate matter emissions by approximately 92 percent compared to 1998 levels. The current study proposes the final recovery of investment for Gannon, unitized depreciation rates for Bayside, and a change in capital recovery from a 50 to a 65-year period for Big Bend Units 1 through 4, which results in decreased depreciation rates for the steam plants and the fossil dismantlement accrual.

We have jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S).

Preliminary Implementation of Proposed Depreciation Rates, Amortizations, Recovery Schedules, and Provision for Dismantlement

Tampa Electric requests, in accordance with Rule 25-6.0436, F.A.C., that it be allowed to implement its proposed depreciation rates, general plant amortizations, recovery schedules, and provision for dismantlement on a preliminary basis. Preliminary implementation does not, and should not, infer that, upon completion of the review of the company's filed study, we will be in full agreement with the company's life, reserve, and salvage proposals. We believe that preliminary implementation of the rates, amortizations, recovery schedules, and dismantlement provision, shown on Attachments A and C, are likely to result in more appropriate expenses than retention of the currently effective rates and dismantlement accruals. The expenses shall be subject to true-up when we take final action in this docket, which is expected in November 2007.

The following is a summary of the changes in estimated 2007 expenses resulting from the company-proposed rates, general plant amortizations, recovery schedules, and provision for dismantlement:

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<sup>1</sup> Order No. PSC-00-2104-PAA-EI, issued November 6, 2000, in Docket No. 001186-EI, In re: Petition for Approval of new environmental programs for cost recovery through the Environmental Cost Recovery Clause by Tampa Electric Company.

FUNCTIONAL ACCOUNTS	(\$ 000)
Steam Production	(6,059)
Other Production	(6,593)
<b>Subtotal</b>	<b>(12,652)</b>
Transmission	437
Distribution	1,647
Transportation Equipment	32
General Plant	75
<b>Subtotal</b>	<b>2,191</b>
Fossil Dismantlement	(2,582)
<b>Total Plant</b>	<b>(13,043)</b>

Our review of the company's study will include an analysis of the reserve position for each account and production site. Tampa Electric has proposed corrective reserve transfers for the preliminary implementation. Our consideration of the final depreciation rates in November 2007 will address the need for any further measures.

Tampa Electric has also proposed unitized depreciation rates for Bayside. In the last depreciation study,<sup>2</sup> a 4.3 percent whole life depreciation rate was approved upon the in-service date of the new units. Also, Gannon was placed on a four-year recovery schedule which was scheduled to end in 2004 or on the in-service date of Bayside.

Additionally, Tampa Electric proposes a 65-year lifespan for the coal fueled generating units at the Big Bend Station. The company states its proposed change in the capital recovery period is based upon the CD and CFJ which resulted in significant investments in control technology.

#### Fossil Dismantlement

By Order No. 24741, issued July 1, 1991, in Docket No. 890186-EI,<sup>3</sup> we established the methodology for accruing the costs of fossil dismantlement. The methodology depends on three factors: 1) estimated base costs of dismantling the fossil-fueled plants, 2) projected inflation, and 3) a contingency factor.

Attachment C compares the current approved dismantlement accruals to Tampa Electric's proposed accruals. The current approved annual dismantlement accrual is \$3,876,903. The company's proposed annual dismantlement accrual is \$1,294,943, indicating a decrease of

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<sup>2</sup> Order No. PSC-04-0815-PAA-EI, issued August 20, 2004, in Docket No. 030409-EI, In re: Petition for approval of 2003 depreciation study by Tampa Electric Company.

<sup>3</sup> In re: Investigation of the ratemaking and accounting treatment for the dismantlement of fossil-fueled generating stations.

\$2,581,960. In the last study, the company's planning showed that the turbine-related assets for Gannon Units 3, 4, 5, and 6 would continue in-service as part of the repowering of Gannon into the Bayside Power Station. The common facilities and Units 5 and 6 would be included with Bayside Common and Units 1 and 2. Also, Units 3 and 4 would be placed in long-term standby as the company continues to explore the possibilities available for repowering. As the current study shows, the company chose to retire the Gannon Common facilities and Units 3 and 4 turbine-related assets. This is shown on Attachment C under the company's 2007 proposed dismantlement accrual. Also, the accrual includes the company's proposal for reserve transfers among plant accounts. We will true-up the dismantlement accrual when we issue our decision on the final depreciation rates in this docket.

Since the last study, Tampa Electric's base cost estimates for the various dismantlement activities have changed as shown below:

FOSSIL DISMANTLEMENT BASE COST ESTIMATES		
Account Title	2004 Study (\$)	Current Study (\$)
Big Bend	44,323,000	32,773,883
Gannon	40,657,999	33,030,968
Hookers Point	6,770,000	0
Dinner Lake	576,000	0
Big Bend CTs	622,000	668,855
Gannon CT	167,981	333,646
Bayside	8,418,800	5,380,794
Phillips Station	1,262,000	1,420,392
Polk	10,705,000	6,006,282
City of Tampa	210,501	236,357
<b>Total</b>	<b>113,549,300</b>	<b>79,851,177</b>

The company also proposes to decrease the current contingency factor from 15 to 10 percent. The company is indicating a decrease in the dismantlement base costs estimates for the current study. Our review of Tampa Electric's dismantlement study will include an analysis of the reasons for the dramatic decrease in base costs and the current contingency factor.

Rule 25-6.0436(6)(b), F.A.C., requires that data submitted in a depreciation study, including plant and reserve balances or company planning involving estimates, must be brought to the effective date of the proposed rates. In this regard, Tampa Electric's data and calculations for revised depreciation rates, amortizations, recovery schedules, and dismantlement provision support a January 1, 2007, implementation date.

Depreciation rates and recovery schedules should theoretically be revised as soon as circumstances dictate the need for a revision. A January 1, 2007, implementation date is the earliest practicable date for utilizing the preliminary depreciation rates, amortizations, dismantlement provision, and recovery schedules. The submitted data for this depreciation and dismantlement study with resulting rates and expenses shall be subject to true-up to support a January 1, 2007 implementation date when we consider Tampa Electric's final depreciation rates in November 2007.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company shall be allowed to implement, on a preliminary basis, its proposed depreciation rates, amortizations, recovery schedules, and provision for dismantlement, as shown on Attachments A and C. It is further

ORDERED that the resulting expenses shall be subject to true-up when final action, expected to occur in November 2007, is taken by this Commission. It is further

ORDERED that the implementation date for the preliminary depreciation rates, amortizations, dismantlement provision, and recovery schedules shall be January 1, 2007. It is further

ORDERED that this docket shall remain open, pending our further review and analysis, and our final action concerning the depreciation rates, amortizations, recovery schedules, and dismantlement provisions.

By ORDER of the Florida Public Service Commission this 15th day of August, 2007.



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ANN COLE  
Commission Clerk

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Comparison of Rates and Components								
Account Number	Account Title	Current			Preliminary Implementation as of 01/01/07			
		Average Remaining Life	Future Net Salvage	Remaining Life Rate	Average Remaining Life	Reserve	Future Net Salvage	Remaining Life Rate
		(Yrs.)	(%)	(%)	(Yrs.)	(%)	(%)	(%)
<b>STEAM PRODUCTION</b>								
<b>BIG BEND STATION</b>								
31140	Common	28.0	(2)	2.3	33.4	37.22	(5)	2.0
31240	Common	25.0	(8)	2.6	28.0	39.04	(11)	2.6
31440	Common	29.0	(3)	1.8	34.5	45.37	(8)	1.8
31540	Common	13.6	(7)	3.8	14.0	64.76	(7)	3.0
31640	Common	15.6	(7)	2.5	17.1	56.69	(10)	3.1
31141	Unit No. 1	17.0	(1)	2.2	26.9	63.69	(2)	1.4
31241	Unit No. 1	15.4	(3)	3.8	22.7	32.38	(7)	3.3
31441	Unit No. 1	14.7	(4)	2.8	22.9	49.66	(6)	2.5
31541	Unit No. 1	13.2	(6)	3.3	16.7	66.79	(8)	2.5
31641	Unit No. 1	16.7	(1)	2.2	26.4	70.22	(2)	1.2
31142	Unit No. 2	20.0	(1)	2.4	29.9	53.61	(2)	1.6
31242	Unit No. 2	17.6	(5)	4.1	25.2	29.54	(9)	3.1
31442	Unit No. 2	17.3	(5)	3.1	24.3	46.96	(8)	2.5
31542	Unit No. 2	16.5	(6)	3.2	18.7	61.32	(8)	2.5
31642	Unit No. 2	18.8	(5)	4.6	21.1	71.03	(14)	2.0
31143	Unit No. 3	23.0	(1)	1.9	31.8	62.03	(1)	1.2
31243	Unit No. 3	18.8	(5)	3.1	24.	46.80	(9)	2.6
31443	Unit No. 3	16.2	(9)	2.4	18.4	76.18	(9)	1.8
31543	Unit No. 3	14.6	(7)	3.1	16.2	66.58	(7)	2.5
31643	Unit No. 3	22.0	(2)	2.5	26.6	34.32	(6)	2.7
31144	Unit No.4	31.0	(1)	1.9	40.4	45.12	(1)	1.4
31244	Unit No.4	24.0	(9)	2.6	25.6	50.04	(10)	2.4
31444	Unit No.4	26.0	(8)	2.3	28.4	52.64	(9)	2.0
31544	Unit No.4	21.0	(6)	2.7	22.9	57.54	(6)	2.1
31644	Unit No.4	22.0	(4)	2.2	24.8	62.20	(5)	1.7
31146	Unit No. 1 & 2 FGD System	24.0	(3)	3.5	28.5	29.53	(3)	2.6
31246	Unit No. 1 & 2 FGD System	21.0	(2)	4.1	26.8	28.40	(6)	2.9
31546	Unit No. 1 & 2 FGD System	19.0	(2)	4.3	22.3	32.54	(6)	3.3
31646	Unit No. 1 & 2 FGD System	19.8	(1)	4.1	26.7	31.88	(5)	2.5
31145	Unit No. 3 & 4 FGD System	29.0	(1)	2.0	36.5	46.81	(2)	1.5
31245	Unit No. 3 & 4 FGD System	25.0	(7)	2.8	29.3	41.53	(9)	2.3
31545	Unit No. 3 & 4 FGD System	23.0	(6)	2.6	24.7	54.60	7	2.1
31645	Unit No. 3 & 4 FGD System	28.0	(5)	2.4	30.3	45.15		2.0
31647	Big Bend Amortizable Tools			14.3				14.3
31100.01 & 31601	Misc. Structures & Equipment	11.4	(3)	3.5	13.0	56.88	(3)	3.5
31617	Misc. Production Plant			14.3				14.3

Comparison of Rates and Components								
Account Number	Account Title	Current			Preliminary Implementation as of 01/01/07			
		Average Remaining Life	Future Net Salvage	Remaining Life Rate	Average Remaining Life	Reserve	Future Net Salvage	Remaining Life Rate
		(Yrs.)	(%)	(%)	(Yrs.)	(%)	(%)	(%)
<b>OTHER PRODUCTION</b>								
<b>BIG BEND STATION</b>								
34141	Combustion Turbine No. 1	6.5	0	4.4	1.3	100.00	0	0
34241	Combustion Turbine No. 1	6.4	0	1.0	2.4	100.00	0	0
34341	Combustion Turbine No. 1	3.1	(1)	1.3	1.4	100.18	0	0
34541	Combustion Turbine No. 1	2.7	(2)	2.9	0.6	100.43	0	0
34641	Combustion Turbine No. 1	6.4	0	1.9	1.2	100.04	0	0
34142	Combustion Turbine No. 2 & 3	9.3	0	0.1	2.9	100.00	(0)	0.0
34242	Combustion Turbine No. 2 & 3	8.7	(1)	3.6	7.1	100.00	(0)	0.0
34342	Combustion Turbine No. 2 & 3	8.8	(3)	3.2	5.6	77.23	(2)	4.3
34542	Combustion Turbine No. 2 & 3	8.1	(3)	0.7	3.3	101.05	(1)	0.0
34642	Combustion Turbine No. 2 & 3	10.2	0	0.0	1.0	0.00	(0)	0.0
<b>BAYSIDE POWER STATION</b>								
34130	Bayside Common	26.0	(11)	4.3	34.6	21.37	(2)	2.3
34230	Bayside Common	26.0	(11)	4.3	33.9	19.32	(4)	2.5
34330	Bayside Common	26.0	(11)	4.3	33.2	14.06	(11)	2.9
34530	Bayside Common	26.0	(11)	4.3	19.8	24.88	(9)	4.3
34630	Bayside Common	26.0	(11)	4.3	21.4	34.05	(6)	3.4
341131	Bayside Unit No.1	26.0	(11)	4.3	35.5	17.84	(1)	2.3
34231	Bayside Unit No.1	26.0	(11)	4.3	32.7	13.06	(7)	2.9
34331	Bayside Unit No.1	26.0	(11)	4.3	22.2	18.28	(7)	4.0
34531	Bayside Unit No.1	26.0	(11)	4.3	29.9	15.23	(11)	3.2
34631	Bayside Unit No.1	26.0	(11)	4.3	32.4	21.35	(3)	2.5
34132	Bayside Unit No.1	26.0	(11)	4.3	36.8	14.52	(1)	2.3
34232	Bayside Unit No.1	26.0	(11)	4.3	33.8	8.76	(7)	2.9
34332	Bayside Unit No.1	26.0	(11)	4.3	23.8	14.57	(7)	3.9
34532	Bayside Unit No.1	26.0	(11)	4.3	31.9	10.58	(10)	3.1
34632	Bayside Unit No.1	26.0	(11)	4.3	32.8	18.93	(3)	2.6
<b>GANNON POWER STATION</b>								
31657	Gannon Amortizable Tools			14.3				14.3



Comparison of Rates and Components								
Account Number	Account Title	Current			Preliminary Implementation as of 01/01/07			
		Average Remaining Life	Future Net Salvage	Remaining Life Rate	Average Remaining Life	Reserve	Future Net Salvage	Remaining Life Rate
		(Yrs)	(%)	(%)	(Yrs)	(%)	(%)	(%)
<b>POLK POWER STATION</b>								
34180	Common	39.0	(2)	2.1	32.8	26.10	(1)	2.3
34280	Common	29.0	(3)	2.3	27.9	43.19	(4)	2.2
34380	Common	31.0	(2)	2.4	33.1	35.17	(2)	2.0
34580	Common	31.0	(5)	2.5	28.4	34.03	(3)	2.4
34680	Common	33.0	(3)	2.2	30.2	36.91	(3)	2.2
34181	Unit No. 1	32.0	(1)	2.8	31.9	20.25	(1)	2.5
34281	Unit No. 1	25.0	(9)	3.3	23.3	30.75	(9)	3.4
34381	Unit No. 1	14.6	(13)	5.9	11.5	35.16	(9)	6.4
34581	Unit No. 1	24.0	(7)	3.4	21.8	35.69	(4)	3.1
34681	Unit No. 1	28.0	(4)	3.3	28.7	7.58	(4)	3.4
34182	Unit No. 2	34.0	(1)	2.7	31.3	17.30	(1)	2.7
34282	Unit No. 2	31.0	3	2.9	28.2	21.78	(3)	2.9
34382	Unit No. 2	17.4	(10)	5.2	11.2	23.83	(9)	7.6
34582	Unit No. 2	32.0	(2)	2.9	29.1	17.90	(2)	2.9
34682	Unit No. 2	33.0	(2)	2.8	30.4	18.00	(4)	2.8
34183	Unit No. 3	38.0	(1)	2.6	34.7	10.62	(1)	2.6
34283	Unit No. 3	33.0	(3)	2.9	30.3	16.21	(3)	2.9
34383	Unit No. 3	19.8	(10)	5.2	14.7	22.94	(14)	6.2
34583	Unit No. 3	32.0	(3)	3.0	29.1	16.13	(3)	3.0
34683	Unit No. 3	36.0	(2)	2.8	32.5	9.47	(3)	2.9
34687	Polk Amortizable Tools			14.3				14.3
<b>PHILLIPS STATION</b>								
34128	Phillips Station	8.2	(7)	3.7	5.2	87.17	(5)	3.4
34228	Phillips Station	8.2	(7)	3.3	5.2	88.28	(4)	3.0
34328	Phillips Station	9.0	(5)	3.1	5.8	81.69	(3)	3.7
34528	Phillips Station	7.7	(7)	4.0	4.8	87.60	(5)	3.5
34628	Phillips Station	8.2	(7)	3.9	5.4	81.45	(4)	4.2
34390	City Of Tampa	26.0	(11)	4.3	18.5	25.03	(8)	4.5

Comparison of Rates and Components								
Account Number	Account Title	Current			Preliminary Implementation as of 01/01/07			
		Average Remaining Life	Future Net Salvage	Remaining Life Rate	Average Remaining Life	Reserve	Future Net Salvage	Remaining Life Rate
		(Yrs)	(%)	(%)	(Yrs)	(%)	(%)	(%)
<b>TRANSMISSION PLANT</b>								
350.1	Land Rights	27.0	0	2.6	27.7	37.63	0	2.3
352.00	Structures & Improvements	37.0	(3)	2.2	35.9	21.95	(3)	2.3
353.00	Station Equipment	32.0	(5)	2.5	31.9	24.48	(5)	2.5
354.0	Towers & Fixtures	15.5	(15)	2.6	12.5	83.21	(15)	2.5
355.00	Poles and Fixtures	23.0	(30)	3.8	23.5	37.60	(40)	4.4
356.00	OH Conductors & Devices	22.0	(20)	3.9	23.5	42.22	(30)	3.7
356.01	Clearing Rights-of-Way	24.0	0	2.0	21.7	57.32	0	2.0
357.0	Underground Conduit	35.0	0	1.7	31.5	45.92	0	1.7
358.0	UG Conductors & Devices	28.0	0	2.6	27.2	33.78	0	2.4
359.0	Roads and Trails	37.0	0	2.1	35.1	23.62	0	2.2
<b>DISTRIBUTION PLANT</b>								
361.0	Structures & Improvements	28.0	(3)	2.6	29.7	30.72	(3)	2.4
362.0	Station Equipment	26.0	(10)	2.9	29.6	36.71	(10)	2.5
364.0	Poles, Towers & Fixtures	23.0	(35)	4.0	22.2	45.37	(50)	4.7
365.0	OH Conductors & Devices	20.0	(20)	3.4	20.2	53.61	(20)	3.3
366.0	Underground Conduit	38.5	0	2.0	38.4	23.5	0	2.0
367.0	UG Conductors & Devices	23.0	0	3.2	22.7	26.96	0	3.2
368.0	Line Transformers	7.2	30	4.1	6.9	41.19	30	4.2
369.01	Overhead Services	25.0	(20)	3.2	24.1	45.48	(20)	3.1
369.02	Underground Services	25.0	(15)	3.2	24.2	35.34	(15)	3.3
370.0	Meters	14.2	0	4.7	17.8	17.99	(30)	6.3
373.0	Street Lighting & Signal System	11.4	0	5.3	10.9	42.79	0	5.2
<b>GENERAL PLANT</b>								
390.0	Structures & Improvements	26.0	(20)	3.5	23.5	35.82	(20)	3.6
397.25	Communication Equipment- Fiber	10.6	(10)	5.8	10.0	52.03	(10)	5.8
<b>TRANSPORTATION EQUIPMENT</b>								
<b>ENERGY DELIVERY</b>								
392.02	Light Trucks	5.4	15	8.8	4.0	46.01	15	9.7
392.03	Heavy Trucks	7.2	12	6.8	7.1	42.69	12	6.4
392.04	Medium Trucks	9.7	10	0.2	5.1	45.38	15	7.8
<b>ENERGY SUPPLY</b>								
392.12	Light Trucks	4.7	15	9.4	5.4	38.97	15	8.5
392.13	Heavy Trucks	7.8	12	4.8	5.4	56.36	12	5.9
392.14	Medium Trucks	8.5	15	4.1	7.8	40.61	15	5.7
<b>GENERAL PLANT AMORTIZED</b>								
391.01	Office Furniture & Equipment	7 year Amortizable			7 year Amortizable			
391.02	Computer Equipment-Work Station	4 year Amortizable			4 year Amortizable			
391.04	Computer Equipment-Mainframe	5 year Amortizable			5 year Amortizable			
393.00	Stores Equipment	7 year Amortizable			7 year Amortizable			
394.00	Tools, Shop & Garage Equipment	7 year Amortizable			7 year Amortizable			
395.00	Laboratory Equipment	7 year Amortizable			7 year Amortizable			
396.00	Power Operated Equipment	7 year Amortizable			7 year Amortizable			
397.00	Communication Equipment	7 year Amortizable			7 year Amortizable			
398.00	Miscellaneous Equipment	7 year Amortizable			7 year Amortizable			

Comparison of Expenses						
Account Number	Account Title	Current		Preliminary Implementation as of 01/01/07		
		Depreciation Rate (%)	Annual Expense (\$)	Depreciation Rate (%)	Annual Expense (\$)	Change In Expense (\$)
<b>STEAM PRODUCTION PLANT</b>						
<b>BIG BEND STATION</b>						
31140	Common	2.3	1,437,795	2.0	1,250,256	(187,539)
31240	Common	2.6	2,174,298	2.6	2,174,298	0
31440	Common	1.8	83,798	1.8	83,798	0
31540	Common	3.8	605,042	3.0	477,665	(127,377)
31640	Common	2.5	125,039	3.1	155,049	30,010
31141	Unit No. 1	2.2	177,377	1.4	112,876	(64,501)
31241	Unit No. 1	3.8	3,309,774	3.3	2,874,277	(435,497)
31441	Unit No. 1	2.8	920,504	2.5	821,878	(98,626)
31541	Unit No. 1	3.3	272,212	2.5	206,221	(65,991)
31641	Unit No. 1	2.2	14,201	1.2	7,746	(6,455)
31142	Unit No. 2	2.4	191,464	1.6	127,642	(63,822)
31242	Unit No. 2	4.1	3,013,069	3.1	2,278,174	(734,895)
31442	Unit No. 2	3.1	994,552	2.5	802,058	(192,494)
31542	Unit No. 2	3.2	279,015	2.5	217,980	(61,035)
31642	Unit No. 2	4.6	24,837	2.0	10,799	(14,038)
31143	Unit No. 3	1.9	290,558	1.2	183,510	(107,048)
31243	Unit No. 3	3.1	3,129,864	2.6	2,625,047	(504,817)
31443	Unit No. 3	2.4	729,337	1.8	547,003	(182,334)
31543	Unit No. 3	3.1	607,924	2.5	490,262	(117,662)
31643	Unit No. 3	2.5	33,174	2.7	35,828	2,654
31144	Unit No. 4	1.9	1,156,333	1.4	852,035	(304,298)
31244	Unit No. 4	2.6	5,318,035	2.4	908,956	(409,079)
31444	Unit No. 4	2.3	1,884,479	2.0	1,638,677	(245,802)
31544	Unit No. 4	2.7	1,006,200	2.1	782,600	(223,600)
31644	Unit No. 4	2.2	118,981	1.7	91,40	(27,041)
31146	Unit No.1 & 2 FGD System	3.5	444,513	2.6	330,210	(114,303)
31246	Unit No.1 & 2 FGD System	4.1	2,464,405	2.9	1,74,3116	(721,289)
31546	Unit No.1 & 2 FGD System	4.3	367,059	3.3	281,697	(85,362)
31646	Unit No.1 & 2 FGD System	4.1	72,976	2.5	44,496	(28,478)
31145	Unit No. 3 & 4 FGD System	2.0	439,093	1.5	329,320	(109,773)
31245	Unit No. 3 & 4 FGD System	2.8	4,261,305	2.3	3,500,357	(760,948)
31545	Unit No. 3 & 4 FGD System	2.6	488,898	2.1	394,880	(94,018)
31645	Unit No. 3 & 4 FGD System	2.4	17,946	2.0	14,955	(2,991)
31647	Big Bend Amortizable Tools	14.3	354,586	14.3	354,586	0
31100-01 & 31601	Misc. Structures & Equipment	3.5	54,880	3.5	54,880	0
31617	Misc. Production Plant	14.3	161,710	14.3	161,710	0
	<b>Total Big Bend Station</b>		<b>37,025,233</b>		<b>30,966,782</b>	<b>(6,058,449)</b>

Comparison of Expenses						
Account Number	Account Title	Current		Preliminary Implementation as of 01/01/07		
		Depreciation Rate (%)	Annual Expense (\$)	Depreciation Rate (%)	Annual Expense (\$)	Change in Expense (\$)
<b>OTHER PRODUCTION</b>						
<b>BIG BEND STATION</b>						
34141	Combustion Turbine No. 1	4.4	5,017	0	0	(5,017)
34241	Combustion Turbine No. 1	1.0	1,137	0	0	(1,137)
34341	Combustion Turbine No. 1	1.3	16,574	0	0	(16,574)
34541	Combustion Turbine No. 1	2.9	7,238	0	0	(7,238)
34641	Combustion Turbine No. 1	1.9	50	0	0	(50)
34142	Combustion Turbine No.2 & 3	0.1	1,612	0	0	(1,612)
34242	Combustion Turbine No.2 & 3	3.6	65,322	0	0	(65,322)
34342	Combustion Turbine No.2 & 3	3.2	561,356	4.3	754,322	192,966
34542	Combustion Turbine No.2 & 3	0.7	18,099	0	0	(18,099)
<b>Total Big Bend Station</b>			<b>676,405</b>		<b>754,322</b>	<b>77,917</b>
<b>GANNON POWER STATION</b>						
31133	Unit No. 3	5.0	38,691	0	0	(38,691)
31178	Unit No. 3	5.0	1,3992	0	0	(1,3992)
31433	Unit No. 3	4.0	482,648	0	0	(482,648)
31533	Unit No. 3	3.3	37,087	0	0	(37,087)
31633	Unit No. 3	3.5	1,431	0	0	(1,431)
34333	Unit No. 3	4.3	4,051	0	0	(4,051)
31134	Unit No. 4	4.3	21,303	0	0	(21,303)
31179	Unit No. 4	4.3	15,873	0	0	(15,873)
31434	Unit No. 4	3.7	330,772	0	0	(330,772)
31534	Unit No. 4	4.5	44,396	0	0	(44,396)
31634	Unit No. 4	5.4	2,929	0	0	(2,929)
<b>Total Gannon Power Station</b>			<b>993,173</b>		<b>0</b>	<b>(993,173)</b>
<b>BAYSIDE POWER STATION</b>						
34130	Bayside Common	4.3	2,763,893	2.3	1,478,362	(1,285,531)
34230	Bayside Common	4.3	745,660	2.5	433,523	(312,137)
34330	Bayside Common	4.3	473,103	2.9	319,069	(154,034)
34530	Bayside Common	4.3	489,574	4.3	489,574	0
34630	Bayside Common	4.3	318,630	3.4	251,940	(66,690)
34131	Bayside Unit No. 1	4.3	945,331	2.3	505,642	(439,689)
34231	Bayside Unit No. 1	4.3	3,033,511	2.9	2,045,856	(987,655)
34331	Bayside Unit No. 1	4.3	6,734,052	4.0	6,264,235	(469,817)
34531	Bayside Unit No. 1	4.3	1,398,350	3.2	1,040,632	(357,718)
34631	Bayside Unit No. 1	4.3	54,081	2.5	31,443	(22,638)
34132	Bayside Unit No. 2	4.3	1,118,747	2.3	598,400	(520,347)
34232	Bayside Unit No. 2	4.3	4,071,565	2.9	2,745,939	(1,325,626)
34331	Bayside Unit No. 2	4.3	9,423,413	3.9	8,546,817	(876,596)
34531	Bayside Unit No. 2	4.3	1,736,407	3.1	1,251,829	(484,578)
34631	Bayside Unit No. 2	4.3	65,264	2.6	39,462	(25,802)
<b>Total Bayside Power Station</b>			<b>33,371,581</b>		<b>26,042,723</b>	<b>(7,328,858)</b>
<b>POLK POWER STATION</b>						
34180	Common	2.1	1,354,336	2.3	1,483,321	128,985
34280	Common	2.3	35,144	2.2	33,616	(1,528)
34380	Common	2.4	58,326	2.0	48,605	(9,721)
34580	Common	2.5	41,239	2.4	39,589	(1,650)
34680	Common	2.2	17,705	2.2	17,705	0
34181	Unit No. 1	2.8	1,321,961	2.5	1,180,323	(141,638)
34281	Unit No. 1	3.3	7,521,332	3.4	7,749,251	227,919
34381	Unit No. 1	5.9	7,552,518	6.4	8,192,562	640,044
34581	Unit No. 1	3.4	1,979,742	3.1	1,805,059	(174,683)
34681	Unit No. 1	3.3	157,232	3.4	161,996	4,764

Comparison of Expenses						
Account Number	Account Title	Current		Preliminary Implementation as of 01/01/07		
		Depreciation Rate (%)	Annual Expense (\$)	Depreciation Rate (%)	Annual Expense (\$)	Change in Expense (\$)
<b>POLK POWER STATION</b>						
34182	Unit No. 2	2.7	56,380	2.7	56,380	0
34282	Unit No. 2	2.9	28,955	2.9	28,955	0
34382	Unit No. 2	5.2	1,439,046	7.6	2,103,222	664,176
34582	Unit No. 2	2.9	479,525	2.9	479,525	0
34682	Unit No. 2	2.8	4,850	2.8	4,850	0
34183	Unit No. 3	2.6	268,764	2.6	268,764	0
34283	Unit No. 3	2.9	33,381	2.9	33,381	0
34383	Unit No. 3	5.2	1,576,465	6.2	1,879,632	303,167
34583	Unit No. 3	3.0	271,941	3.0	271,941	0
34683	Unit No. 3	2.8	12,121	2.9	12,554	433
34687	Polk Amortizable Tools	14.3	132,206	14.3	132,206	0
	<b>Total Polk Power Station</b>		<b>24,343,169</b>		<b>25,983,437</b>	<b>1,640,268</b>
<b>PHILLIPS STATION</b>						
34128	Phillips Station	3.7	348,269	3.4	320,031	(28,238)
34228	Phillips Station	3.3	774,847	3.0	704,407	(70,440)
34328	Phillips Station	3.1	640,090	3.7	763,978	123,888
34528	Phillips Station	4.0	234,994	3.5	205,620	(29,374)
34628	Phillips Station	3.9	24,735	4.2	26,638	1,903
	<b>Total Phillips Station</b>		<b>2,022,935</b>		<b>2,020,674</b>	<b>(2,261)</b>
34390	City of Tampa	4.3	277,738	4.5	290,656	12,918
	<b>Total Production Plant</b>		<b>98,710,234</b>		<b>86,058,596</b>	<b>(12,651,638)</b>
<b>TRANSMISSION PLANT</b>						
350.01	Land Rights	2.6	198,186	2.3	175,319	(22,867)
352.00	Structures and Improvements	2.2	65,854	2.3	68,847	2,993
353.00	Station Equipment	2.5	4,701,519	2.5	4,701,519	0
354.00	Towers and Fixtures	2.6	111,140	2.5	106,866	(4,274)
355.00	Poles and Fixtures	3.8	4,156,319	4.4	4,812,580	656,261
356.00	OH Conductors & Devices	3.9	3,622,787	3.7	3,437,003	(185,784)
356.01	Clearing Rights-of-Way	2.0	42,665	2.0	42,665	0
357.00	Underground Conduit	1.7	60,187	1.7	60,187	0
358.00	UG Conductors and Devices	2.6	183,145	2.4	169,057	(14,088)
359.00	Roads and Trails	2.1	95,810	2.2	100,372	4,562
	<b>Total Transmission Plant</b>		<b>13,237,612</b>		<b>13,674,415</b>	<b>436,803</b>
<b>DISTRIBUTION PLANTS</b>						
361.00	Structures & Improvements	2.6	38,001	2.4	35,078	(2,923)
362.00	Station Equipment	2.9	4,290,659	2.5	3,698,844	(591,815)
364.00	Poles, Towers & Fixtures	4.0	7,261,769	4.7	8,532,579	1,270,810
365.00	OH Conductors & Devices	3.4	6,711,836	3.3	6,514,429	(197,407)
366.00	Underground Conduit	2.0	2,790,396	2.0	2,790,396	0
367.00	UG Conductors & Devices	3.2	5,483,886	3.2	5,483,886	0
368.00	Line Transformers	4.1	14,137,319	4.2	14,482,131	34,4812
369.01	Overhead Services	3.2	2,108,339	3.1	2,042,454	(65,885)
369.02	Underground Services	3.2	2,951,149	3.3	3,043,372	92,223
370.00	Meters	4.7	2,742,867	6.3	3,676,609	933,742
373.00	Street Lighting and Signal Syst.	5.3	7,227,976	5.2	7,091,599	(136,377)
	<b>Total Distribution Plant</b>		<b>55,744,197</b>		<b>57,391,377</b>	<b>1,647,180</b>
<b>GENERAL PLANT</b>						
390.00	Structures & Improvements	3.5	2,633,930	3.6	2,709,185	75,255
397.25	Communication Equipment-Fiber	5.8	1,101,821	5.8	1,101,821	0

Comparison of Expenses						
Account Number	Account Title	Current		Preliminary Implementation as of 01/01/07		
		Depreciation Rate (%)	Annual Expense (\$)	Depreciation Rate (%)	Annual Expense (\$)	Change in Expense (\$)
<b>TRANSPORTATION EQUIPMENT</b>						
<b>ENERGY DELIVERY</b>						
392.02	Light Trucks	8.8	437,703	9.7	482,468	44,765
392.03	Heavy Trucks	6.8	1,035,394	6.4	974,489	(60,905)
392.04	Medium Trucks	0.2	1,480	7.8	57,706	56,226
<b>ENERGY SUPPLY</b>						
392.12	Light Trucks	9.4	100,746	8.5	91,101	(9,645)
392.13	Heavy Trucks	4.8	29,961	5.9	36,827	6,866
392.14	Medium Trucks	7.1	26,585	5.7	21,343	(5,242)
<b>GENERAL PLANT AMORTIZED</b>						
391.01	Office Furniture and Equipment	14.3	789,701	14.3	789,701	0
391.02	Computer Equipment-Work Station	25.00	10,069,378	25.0	10,069,378	0
391.04	Computer Equipment -Mainframe	20.0	58,306	20.0	58,306	0
393.00	Stores Equipment	14.3	2,088	14.3	2,088	0
394.00	Tools, Shop & Garage Equipment	14.3	842,701	14.3	842,701	0
395.00	Laboratory Equipment	14.3	12,538	14.3	12,538	0
396.00	Power Operated Equipment	14.3	20,346	14.3	20,346	0
397.00	Communication Equipment	14.3	2,899,392	14.3	2,899,392	0
398.00	Miscellaneous Equipment	14.3	33,023	14.3	33,023	0
	<b>Total General Plant</b>		20,095,093		20,202,413	107,3200
	<b>Total Trans., Distrib. &amp; Genrl. Plant</b>		<b>89,076,902</b>		<b>91,268,205</b>	<b>2,191,303</b>
	<b>Total Production Plant</b>		<b>98,710,234</b>		<b>86,058,596</b>	<b>(12,651,638)</b>
	<b>Fossil Dismantlement Accrual</b>		<b>3,876,903</b>		<b>1,294,943</b>	<b>(2,581,960)</b>
	<b>Total Plant</b>		<b>191,664,039</b>		<b>178,621,744</b>	<b>(13,042,295)</b>

Comparison of Current And Proposed Dismantlement Accruals			
	Commission Approved	Company Proposed	Change In
	Current Accrual	Accrual	Accrual
Account Title	01/01/2004	01/01/2007	01/01/2007
	(\$)	(\$)	(\$)
Bayside Common	103,920	46,735	(57,185)
Bayside Unit No. 1 & PB	199,295	67,810	(131,485)
Gannon Unit No. 5 Turbine	172,992	7,988	(165,004)
Bayside Unit No. 2 CT & PB	273,648	90,067	(183,581)
Gannon Unit No. 6 Turbine	97,196	9,592	(87,604)
Big Bend Common	396,163	146,439	(249,724)
Big Bend Unit No. 1 Turbine & Coal	247,815	114,784	(133,031)
Big Bend Unit No. 2 Turbine & Coal	391,667	148,583	(243,084)
Big Bend Unit No. 3 Turbine & Coal	444,968	155,057	(289,911)
Big Bend Unit No. 4 Turbine & Coal	387,539	100,607	(286,932)
Big Bend Unit No. 1 and 2 FGD	149,978	75,034	(74,944)
Big Bend Unit No. 3 and 4 FGD	149,980	75,034	(74,946)
Big Bend CT's	12,454	24,604	12,150
Polk Common & Gasifier	532,151	109,951	(422,200)
Polk Unit No. 1 Power Block	62,584	-13,448	(76,032)
Polk Unit No. 2 Power Block	9,881	26,157	16,276
Polk Unit No. 3 Power Block	10,721	28,462	17,741
City of Tampa	20,665	12,852	(7,813)
Phillips Station	74,865	68,635	(6,230)
Gannon Common	71,854	0	(71,854)
Gannon Unit No. 3 Turbine	25,844	0	(25,844)
Gannon Unit No. 4 Turbine	40,723	0	(40,723)
<b>Total Dismantlement Accrual</b>	<b>3,876,903</b>	<b>1,294,943</b>	<b>(2,581,960)</b>