BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of regulated earnings of Tampa Electric Company pursuant to stipulations for calendar years 1995 through 1999.	DOCKET NO. 950379-EI ORDER NO. PSC-99-1940-PAA-EI ISSUED: October 1, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING DEFERRED REVENUE AMOUNT FOR 1997

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. 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 the 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 over earnings and the disposition of those over earnings for the period 1995 through 1998. This stipulation was approved by Order No. PSC-96-0670-S-EI, issued May 20, 1996. The stipulation, agreed to by TECO, OPC and FIPUG:

1) freezes existing base rate levels through December 31, 1998;

2) refunds $25 million plus interest over a one year period commencing on October 1, 1996;

3) defers 60% of the net revenues that contribute to a return on equity (ROE) in excess of 11.75% for 1996;

4) defers 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) defers 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) refunds 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) allows 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) prohibits TECO from using the various cost recovery clauses to recover capital items that would normally be recovered through base rates; and

9) requires 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 a 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 PSC-96-0670-S-EI. It resulted in an additional one year extension of the rate freeze established by the first stipulation and a guaranteed additional $25 million refund starting in October, 1997.

The stipulation:

1) extends the existing freeze on TECO's base rates from January 1, 1999, through December 31, 1999;

2) precludes TECO from filing a rate increase request prior to July 1, 1999, and precludes TECO from requesting an interim increase in any such docket which is filed prior to January 1, 2000;

3) provides for an additional $25 million refund over fifteen months beginning about October 1, 1997 and credited to customer's bill based on actual KWH usage adjusted for line losses;

4) allows TECO to defer into 1999 any portion of its 1998 revenues not subject to refund;

5) provides for the refund in the year 2000 of 60% of any revenues which contribute to a ROE in excess of 12% up to a net ROE of 12.75% for calendar year 1999;

6) provides for the refund in the year 2000 of 100% of any revenues which contribute to a ROE in excess of 12.75% for calendar year 1999;

7) resolves 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) allows 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) allows 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) places 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) continues 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) provides 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. 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. At December 31, 1996, there was approximately $67.3 million, including interest, to be deferred into 1997 and/or 1998 earnings.

TECO's 1997 Earnings Surveillance Report was the subject of an audit by Commission staff. The audit report discusses certain transactions and practices which could potentially change the amount of TECO's 1997 earnings. Specifically, the issues in this Order discuss asset transfers between affiliates, the Company's equity ratio, TECO's investment in a 25% interest in a transmission line, industry association dues, advertising, allocation to subsidiaries and the Energy Technology Resource Center. Each of these issues not only affects earnings for 1997, but also has an impact for 1998 and beyond.

II. APPROPRIATE RATE BASE FOR 1997

Based on the adjustment discussed below and summarized in Attachment A to this Order, we find that the appropriate rate base is $2,084,268,120 for 1997.

Adjustment 1: **Asset Transfers Between Affiliates** - Audit Disclosure No. 5 indicates that six pick-up trucks were sold from Peoples Gas System (PGS) to Tampa Electric Company (TECO) and four LPG Fueler Tanker Trucks were sold from TECO to Peoples Gas Company, a nonregulated affiliate of PGS, during 1997. The sale from PGS to TECO was recorded at net book value (investment less reserve) while the sale from TECO to Peoples Gas Company was recorded at fair market value.

In establishing fair market value, TECO's Procurement Department conducted cost comparisons with vehicles which had been sold (to third parties), in a similar time frame, by Peoples Gas Company. These vehicles all exhibited mileage in excess of 100,000 miles and ages ranging from 11 years to 16 years. The four LPG tanker trucks transferred to Peoples Gas Company all had less than 100,000 miles and ages of 15 years to 16 years. The market value TECO assessed for these trucks is $27,500.

There are currently no Commission rules regarding affiliate transactions for electric companies. However, we believe that assets sold or transferred from a regulated company to nonregulated operations should be valued at the greater of net book value or market value. Fairness dictates that the ratepayer of the regulated company be held harmless from the effects of affiliate transactions.

The sale of assets at market value, where market value is less than net book value, effectively creates a negative component in the reserve of the regulated company that relates to plant no longer in service. Recovery of the negative reserve component will be borne by the regulated ratepayer over the remaining life of the associated account from which the assets were sold.

In determining the net book value of the assets being sold, TECO used a retrospective theoretical reserve calculation. TECO states that this approach was used because the associated ages of the vehicles were determinable from plant records but the associated remaining lives were uncertain.

The audit disclosure points out that the depreciation rate TECO used to calculate the retrospective reserve was 5.3%; the depreciation rate used by PGS was 9.5%. The depreciation rate used by TECO represents the whole life rate which underlies its currently approved remaining life depreciation rate of 4.1%. The depreciation rate used by PGS represents its currently approved remaining life rate.

According to the NARUC *Public Utility Depreciation Practices*, published in 1996, the retrospective method for calculating a theoretical reserve is generally used when the reserve is needed for an individual item or group of items within an account and the remaining life, which is needed for the prospective method, cannot be reasonably determined. Under this method, an estimate of the total past net depreciation accruals (annual depreciation accruals less net salvage) is made assuming the current depreciation rate has always been in effect. Therefore, in using the retrospective theoretical reserve calculation, TECO should have used its currently prescribed depreciation rate for heavy trucks of 4.1%. The reserve associated with the heavy trucks would have been $148,824 with a net book value of $88,469.

In this instance, assets were sold from a regulated company to an unregulated affiliate at market value which was less than the associated net book value. We believe the sale from TECO to Peoples Gas Company should have been made at net book value. To recognize this, we find that the average reserve balance shall be increased by $33,025 with a corresponding increase to Accounts Receivable of $5,081. The adjustment to Accounts Receivable assumes the receivable is cleared within one month. The resulting average rate base effect is a decrease of $27,944.

III <u>APPROPRIATE CAPITAL STRUCTURE FOR PURPOSES OF MEASURING EARNINGS FOR 1997</u>

We began our analysis with the 13-month average capital structure from the company's Earnings Surveillance Report (ESR) for the period ending December 31, 1997. Consistent with the decision, and for all the reasons stated in Order No. PSC-98-0802-FOF-EI, a specific adjustment was made to cap the equity ratio at the actual level achieved in 1995 of 58.7%.

We then made an adjustment to the balance of deferred revenues to reverse the pro rata reduction the company made to this account. The offsetting adjustment was made pro rata over investor sources of capital and customer deposits. 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 1997 was 5.60%. The treatment of deferred revenues as a separate line item in the capital structure is consistent with the decision in Order No. PSC-99-0683-FOF-EI.

The adjustment to reverse the company's pro rata reduction to the balance of deferred revenues is consistent with the treatment for 1995 and 1996 in Order Nos. PSC-97-0436-FOF-EI and PSC-98-0802-

FOF-EI, respectively. However, in 1995 and 1996, the offsetting 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, we 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, the pro rata adjustment shall be made over investor sources of capital and customer deposits.

The company calculated the cost rate for short-term debt as 5.59% 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. We calculated a cost rate of 5.47% for short-term debt by using the actual interest expense and the 13-month average balance for short-term debt. We believe that 5.47% is the appropriate cost rate to use for short-term debt for the following two reasons. First, using the 13-month average balance 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 over-recovery of interest expense by the company in 1997.

Finally, as discussed in the previous section of this Order, we made an adjustment of $27,944 to rate base. For the reasons discussed above, we made this pro rata adjustment over investor sources of capital and customer deposits.

Therefore, we find that the appropriate capital structure for purposes of measuring the 1997 earnings of Tampa Electric Company is as detailed in ATTACHMENT B to this Order.

IV <u>APPROPRIATE NET OPERATING INCOME FOR 1997</u>

Based on the adjustments discussed below, we find that the appropriate net operating income for Tampa Electric Company for 1997 is $182,750,753.

<u>Adjustment 2</u>: Revenues - Audit Disclosure No. 3 indicated that the debit balance of Account 418, Earnings Associated Company - PE&C, was included in operating revenues on the 1997 Earnings Surveillance Report (ESR). The Company determined that this was a nonutility item that should not be reflected in the operating income calculation and that it will be excluded from future ESRs. Therefore, revenues should be increased by $24,075.

<u>Adjustment 3</u>: Orlando Utility Commission's (OUC) Transmission Line - The recommended adjustment is being made consistent with the Commission decision in Order No. PSC-97-0436-FOF-EI (TECO's 1995 Earnings Docket), and Order No. PSC-98-0802-FOF-EI (TECO's 1996 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 1997 ESR. However, it failed to remove 1996 operation & maintenance (O&M) expense booked in January 1997 and 1997 Taxes Other. Therefore, we find that O&M and Taxes Other be reduced by $14,521 and $50,393 respectively. There were no O&M costs associated with the OUC transmission line for 1997.

<u>Adjustment 4</u>: Industry Association Dues - Based on Audit Disclosure No. 1, we find that expenses be reduced by $5,564 for Employers Health Coalition, $1,000 for Points of Light Foundation, and $22,500 for Electric Cooking Council dues. The dues of these associations do not relate to the provision of electricity and provide no benefit to ratepayers; therefore, the costs should not be borne by ratepayers. Order No. PSC-93-0165-FOF-EI, (TECO's 1992 rate case), issued February 2, 1993, disallowed similar costs.

In addition, dues of $280 for East Polk County Committee of 100, $850 for Tampa Downtown Partnership, and $164 for Westshore Alliance should also be disallowed. It should be noted that 90% of these dues were allowed as economic development expenses and this adjustment removes the 10% disallowed under Rule 25-6.0426, Florida Administrative Code, Recovery of Economic Development Expenses. This rule was amended in 1998 to allow recovery of 95% of a company's economic development expense.

Therefore, we find that expenses be reduced by a total of $30,358 for industry association dues.

Adjustment 5: **Advertising** - Based on Audit Disclosure No. 4 and consistent with Order No. PSC-94-0170-FOF-EI (Florida Public Utilities Company Marianna Division 1993 rate case), issued February 10, 1994, we find that image building, promotional advertising be removed because such expenses provide no benefit to ratepayers. Therefore, expenses should be reduced by $9,005. The Company agrees with a portion of the recommended disallowance.

Adjustment 6: **Energy Technology Resource Center (ETRC)** - At the ETRC, energy-efficient products and services are displayed by approximately 170 "partners" at a centralized location on the campus of the University of South Florida. The ETRC includes an auditorium and classroom for seminars, classes, teleconferencing, and large-scale demonstrations. The ETRC partners provide products and displays at no cost to the ETRC, and the ETRC in turn provides free demonstrations to potential customers. Some seminars are offered for a fee. The primary audience for these services is the small business or industrial customer.

The ETRC consists of three major segments, known as centers: lighting, advanced technology, and food service. The Lighting Display Center allows customers to evaluate and compare different types of energy-efficient lighting. The emphasis is on choosing the right type of lighting for specific office or business applications. The Advanced Technology Center allows customers to evaluate energy-efficient electric products such as a geothermal heat pump, infrared paint dryer, desiccant dehumidification, and variable speed motors. The Foodservice Center is used to demonstrate new, energy-efficient electric and gas technologies for cooking, dishwashing, and refrigeration.

As a result of the audit, our staff recommended that many of the expenses associated with the ETRC were either non-utility related or were duplicative of existing conservation programs. Our staff recommended that TECO's expenses be reduced by $597,564 to remove the net expense of operating the ETRC.

In response to the staff audit, the Company stated that the same types of costs were included as selling expenses and customer assistance expenses in the last rate case. According to TECO, the activities conducted at the ETRC are efforts that the Company has performed in the past such as lighting audits, retrofit recommendations and energy related training, informing customers about energy efficient technologies, and hosting organizations, groups or trade shows in an effort to promote new business. Some expenses associated with similar activities may have been included in the 1992 rate case. However, these costs were not specifically identified at the time of the 1992 rate case.

The activities at the ETRC appear to be legitimate utility undertakings. Many of the ETRC's activities are conservation-related and assist small business and industrial customers not eligible for existing conservation or load control programs. Accordingly, we find that no adjustment shall be made to TECO's 1997 earnings for removal of the net expenses associated with the Energy Technology Resource Center.

Adjustment 7: **Allocation to Subsidiaries -** Audit Disclosure No. 7 indicated that seven subsidiaries were not allocated costs by TECO Energy. The Company stated that TECO Energy did not allocate to these companies due to the developmental nature of these businesses in 1997; however, it believes that an allocation for these entities is reasonable. We find that Bosek, Gibson and Associates and TeCom should receive an allocation of expenses. Accordingly we find that expenses for TECO shall be reduced by $42,795.

We note that we did not conduct a thorough review of the appropriate methodology for allocating expenses by TECO Energy to its subsidiaries. The Company uses one composite factor to allocate all expenses among the subsidiaries; more factors based on cost causation may be appropriate. Although 1997 earnings were calculated using the one factor method, we may in the future review the cost allocation methodology to determine if it is reasonable.

Adjustment 8: **Interest Reconciliation -** This adjustment is based on the reconciliation of the rate base and the capital structure due to the approved adjustments to rate base. In this instance, income taxes should be reduced by $431,217.

Adjustment 9: **Tax Effect of Other Adjustments -** The tax effect of these adjustments to NOI results in a $365,197 decrease to income taxes.

V MAXIMUM AMOUNT OF DEFERRED REVENUES THAT CAN BE REVERSED INTO 1997'S EARNINGS

According to its December 1997 ESR, TECO reported that it had reversed $30.45 million in revenues, and earned 12.78% after the reversal. Per the Stipulations, the maximum the Company is allowed to earn is 12.75%. Based on the adjustments approved in this Order, the maximum amount of deferred revenues that can be reversed into 1997's earnings is $27,056,807. Therefore, at least $3,393,193 should be returned to deferred revenues. This calculation is detailed on Attachment D to this Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the appropriate rate base for Tampa Electric Company for 1997 is $2,084,268,120. It is further

ORDERED that the appropriate capital structure for purposes of measuring the 1997 earnings of Tampa Electric Company is as detailed in ATTACHMENT B to this Order. It is further

ORDERED that the appropriate net operating income for Tampa Electric Company for 1997 is $182,750,753. It is further

ORDERED that, based on the adjustments approved in this Order, the maximum amount of deferred revenues that can be reversed into 1997's earnings is $27,056,807. Therefore, at least $3,393,193 should be returned to deferred revenues. This calculation is detailed on ATTACHMENT D to this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that this docket shall remain open pending the review of TECO's 1998 and 1999 earnings and the determination of the appropriate amount of any additional deferred revenues related to 1998 and 1999.

By ORDER of the Florida Public Service Commission this 1st day of October, 1999.

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BLANCA S. BAYÓ
Division of Records and Reporting

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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 that is available under Section 120.57, 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 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.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 22, 1999.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

ATTACHMENT A

TAMPA ELECTRIC COMPANY
DOCKET NO. 950379-EI

	As Filed FPSC Adjusted Basis	Asset Transfers	Revenues	OUC Transmission Line	Industry Dues	Advertising	Allocation Subsidiarie	Interest Reconciliat	Total Adjustments	Adjusted Rate Base	Total
RATE BASE											
Plant in Service	$3,238,103,48								$0		$3,238,103,482
Accumulated Depreciation	(1,241,041,87	(33,025)							(33,025)		(1,241,074,900)
Net Plant in Service	1,997,061,607	(33,025)	0	0	0	0	0	0	(33,025)		1,997,028,582
Property Held for Future Use	30,784,082								0		30,784,082
Construction Work in Progress	5,671,652								0		5,671,652
Net Utility Plant	2,033,517,341	(33,025)	0	0	0	0	0	0	(33,025)		2,033,484,316
Working Capital	50,778,723	5,081							5,081		50,783,804
Total Rate Base	$2,084,296,06	($27,944)	$0	$0	$0	$0	$0	$0	($27,944)		$2,084,268,120
INCOME STATEMENT											
Operating Revenues	$655,360,652		$24,075						$24,075		$655,384,727
Operating Expenses:											
Operation & Maintenance - Fuel	13,629,445								0		13,629,445
Operation & Maintenance - Other	210,390,448			(14,521)	(30,358)	(9,005)	(42,795)		(96,679)		210,293,769
Depreciation & Amortization	130,297,907								0		130,297,907
Taxes Other Than Income	42,588,449			(50,393)					(50,393)		42,538,056
Income Taxes - Current	60,115,055	0	9,287	25,041	11,711	3,474	16,508	(431,217)	(365,197)		59,749,858
Deferred Income Taxes (Net)	20,293,746								0		20,293,746
Investment Tax Credit (Net)	(4,129,593)								0		(4,129,593)
(Gain)/Loss on Disposition	(39,214)								0		(39,214)
Total Operating Expenses	473,146,243	0	9,287	(39,873)	(18,647)	(5,531)	(26,287)	(431,217)	(512,269)		472,633,974
Net Operating Income	$182,214,409	$0	$14,788	$39,873	$18,647	$5,531	$26,287	$431,217	$536,344		$182,750
OVERALL RATE OF RETURN	8.74%								0.03%		8.77%
RETURN ON EQUITY	12.78%								0.19%		12.97%

ATTACHMENT B

DOCKET NO. 950379-EI
TAMPA ELECTRIC COMPANY
COMMISSION APPROVED CAPITAL STRUCTURE
AVERAGE YEAR ENDING DECEMBER 31, 1997
TEST YEAR

ADJUSTMENTS

	RETAIL PER BOOKS	COMPANY SPECIFIC	COMPANY PRO RATA	COMPANY ADJUSTED	DEFERRED REVENUE ADJUSTMENT	EQUITY ADJUSTMENT	COMMISSION PRO RATA	COMMISSION ADJUSTED	WEIGHT	COST RATE	WEIGHTED COST
LONG TERM DEBT	$645,349,616	($7,386,865)	($67,877,846)	$570,084,905	($2,065,395)	$15,139,700	($9,513)	$583,149,697	27.98%	6.73%	1.88%
SHORT TERM DEBT	107,241,809	(599)	(11,410,231)	95,830,979	($347,192)		($1,558)	$95,482,230	4.58%	5.47%	0.25%
PREFERRED STOCK	10,747,692	(123,790)	(1,130,360)	9,493,542	($34,395)		($154)	$9,458,993	0.45%	5.48%	0.03%
CUSTOMER DEPOSITS	52,804,651		(5,618,300)	47,186,351	($170,954)		($767)	$47,014,630	2.26%	6.10%	0.14%
COMMON EQUITY	1,116,943,168	(1,656,674)	(118,664,051)	996,622,443	($3,610,723)	(15,139,700)	($15,952)	$977,856,068	46.92%	12.75%	5.98%
DEFERRED REVENUE	58,541,220		(6,228,658)	52,312,562	6,228,658			$58,541,220	2.81%	5.60%	0.16%
DEFERRED TAXES	296,692,731	1,781,272	(31,756,983)	266,717,020				$266,717,020	12.80%	0.00%	0.00%
FAS 109 DEFERRED TAXES	0		0	0				$0	0.00%	0.00%	0.00%
TAX CREDITS - ZERO COST	0		0	0				$0	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	51,543,811	(12,758)	(5,482,792)	46,048,261				$46,048,261	2.21%	10.47%	0.23%
	$2,339,864,698	($7,399,414)	($248,169,221)	$2,084,296,063	$0	$0	($27,944)	$2,084,268,119	100%		8.67%
			EQUITY RATIO	59.61%				58.70%			

ATTACHMENT C

TAMPA ELECTRIC COMPANY
DOCKET NO. 950379-EI
REVIEW OF 1997 EARNINGS

INTEREST RECONCILIATION	Amount	Cost Rate	Interest Exp.	Tax Rate	Effect on Income Tax
Long Term Debt	$583,149,697	6.73%	$39,245,975		
Short Term Debt	95,482,230	5.47%	5,222,878		
Customer Deposits	47,014,630	6.10%	2,867,892		
Deferred Revenue	58,541,220	5.60%	3,278,308		
Tax Credits - Weighted Cost	46,048,261	2.50%	1,151,207		
Interest Expense			51,766,260		
Adj. Company Interest Expense			50,648,394		
Adjustment			($1,117,866)	38.575%	($431,217)

ATTACHMENT D

TAMPA ELECTRIC COMPANY
DOCKET NO. 950379-EI
REVIEW OF 1997 EARNINGS

Adjusted Rate Base			$2,084,268,120
Adjusted Achieved Rate of Return	8.77%		
Allowed Maximum Rate of Return at 12.75% ROE	8.67%		
Excess Rate of Return		x	0.10%
Excess Net Operating Income			2,084,268
Revenue Expansion Factor		x	1.62800
Revenues in Excess of 12.75%			$3,393,193
Company Reversal			$30,450,000
Less: Revenues in Excess of 12.75% ROE			(3,393,193)
Maximum Allowed Revenue Reversal			$27,056,807