BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Tampa Electric Company.	DOCKET NO. 130040-EI ORDER NO. PSC-13-0400-PCO-EI ISSUED: August 29, 2013

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on August 26, 2013, in Tallahassee, Florida, before Commissioner Julie I. Brown, as Prehearing Officer.

APPEARANCES

JAMES D. BEASLEY, J. JEFFRY WAHLEN, KENNETH R. HART, ASHLEY M. DANIELS, ESQUIRES, Ausley & McMullen, 123 South Calhoun Street, Tallahassee, Florida 32301
On behalf of Tampa Electric Company (Tampa Electric).

J.R. KELLY, PATRICIA A. CHRISTENSEN, and CHARLES REHWINKEL, ESQUIRES, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of Citizens of the State of Florida (OPC).

JON C. MOYLE, JR. and KAREN PUTNAL, ESQUIRES, Moyle Law Firm, PA, 118 North Gadsden Street, Tallahassee, Florida 32301
On behalf of Florida Industrial Power Users Group (FIPUG).

ROBERT SCHEFFEL WRIGHT and JOHN T. LAVIA, III, ESQUIRES, Gardner, Bist, Wiener, Wadsworth, Bowden, Bush, Dee, LaVia & Wright, P.A., 1300 Thomaswood Drive, Tallahassee, Florida 32308
On behalf of Florida Retail Federation (FRF).

LT. COL. GREGORY J. FIKE and KAREN WHITE, ESQUIRES, USAF, Utility Law Field Support Center, Air Force Legal Operations Agency, 139 Barnes Drive, Suite 1, Tyndall Air Force Base, Florida 32403
On behalf of Federal Executive Agencies (FEA).

KENNETH L. WISEMAN, MARK F. SUNBACK, LISA M. PURDY, WILLIAM M. RAPPOLT, BLAKE R. URBAN, and ALLISON E. HELLREICH ESQUIRES, Andrews Kurth LLP, 1350 I Street, Suite 1100, Washington, DC 20005
On behalf of WCF Hospital Utility Alliance (HUA).

MARTHA F. BARRERA, MARTHA C. BROWN, SUZANNE BROWNLESS, and JULIA GILCHER, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

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PREHEARING ORDER

I. CASE BACKGROUND

On April 5, 2013, pursuant to Section 366.06, Florida Statutes (F.S.), and Rules 25-6.0425 and 25-6.043, Florida Administrative Code (F.A.C.), Tampa Electric Company filed a Petition for permanent increase in its base rates and miscellaneous service charges. Accordingly, in compliance with Section 366.06(2), F.S., an administrative hearing will be held in this matter on September 9-13, 2013 as set forth in the Order No. PSC-13-0150-PCO-EI, Order Establishing Procedure issued April 8, 2013 and as modified in Order No. PSC-13-0203-PCO-EI, Order Granting in Part and Denying in Part Joint Motion to Modify Controlling Dates and Service of Discovery and First Order Revising Order Establishing Procedure.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes. This hearing will be governed by said Chapter and Chapters 366.03, 366.041, 366.05, 366.06, 366.07 and Rules 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

(1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

(2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

Witness	Proffered By	Issues #
Direct		
Gordon L. Gillette	Tampa Electric	7, 48, 54
+Sandra W. Callahan	Tampa Electric	20, 21, 22, 23, 26, 27
+Robert B. Hevert	Tampa Electric	26
+Lorraine L. Cifuentes	Tampa Electric	2, 3
Eric Fox	Tampa Electric	2
+Mark J. Hornick	Tampa Electric	32, 48
J. Brent Caldwell	Tampa Electric	16
+S. Beth Young	Tampa Electric	7, 31, 48
+Brad J. Register	Tampa Electric	37, 38, 38A, 39, 48
+Steven P. Harris	Tampa Electric	14
+Edsel L. Carlson, Jr.	Tampa Electric	14

Witness	Proffered By	Issues #
+Jeffrey S. Chronister	Tampa Electric	1, 3, 4, 5, 8, 9, 10, 11, 12, 13, 15, 17, 18, 19, 20, 21, 22, 23, 24, 27, 28, 30, 31, 32, 33, 34, 35, 36, 40, 41, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 72, 73
+William R. Ashburn	Tampa Electric	4, 5, 6, 28, 33, 34, 35, 36, 55, 56, 57, 58, 59, 60, 61, 61A, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73
Kevin W. O'Donnell	OPC	24, 27
J. Randall Woolridge	OPC	24, 26, 27
Jacob Pous	OPC	10, 11, 49
Helmuth W. Schultz III	OPC	14, 18, 31, 32, 37, 38, 38A, 44, 46, 48, 50
Donna Ramas	OPC	4-6, 9-14, 18-21, 24, 27-30, 37-38, 38A, 40, 44, 45, 47-54
Jeffry Pollock	FIPUG	32, 55, 56, 57, 58, 59, 61, 65, 67, 68, 69
Steve W. Chriss	FRF	CWIP, ROE; 12, 26
Michael Gorman	FEA	ROR, ROE, Revenue
Richard A. Baudino	HUA	Return on equity and capital structure
Stephen J. Baron	HUA	Class cost of service, cost allocation, and rate design
Lane Kollen	HUA	Operation and maintenance expenses, revenue adjustments, and impacts of adjustments to return on equity on revenue requirement
William B. McNulty	Staff	55
Jeffery A. Small	Staff	FPSC staff audit of Tampa Electric's test year ended December 31, 2012

Witness	Proffered By	Issues #
Rebuttal		
Karen Lewis	Tampa Electric	7, 41, 47, 48
Terry Deason	Tampa Electric	10, 37, 38, 38A, 44

VII. BASIC POSITIONS

TAMPA ELECTRIC: Rate Relief Requested

After extensive and careful analysis, Tampa Electric is requesting the Commission to approve an increase of $134.8 million in the company's retail base rates and service charges effective January 1, 2014, based on a 2014 projected test year. This increase will cover the reasonable costs of providing service and allow the company an opportunity to earn a compensatory return on its investment, including a fair return on equity of 11.25 percent within a range of 10.25 to 12.25 percent.

Events Since Tampa Electric's Last Base Rate Proceeding

Tampa Electric's last full revenue requirements proceeding was filed April 11, 2008. The Commission issued its Order No. PSC-09-0283-FOF-EI in Docket No. 080317-EI on April 30, 2009, granting Tampa Electric a rate increase. The company's experiences since that proceeding have been unusual compared to historical trends, and have significantly contributed to Tampa Electric's need to request rate relief in this proceeding.

During the middle of 2009 it became clear that the country was heading into an economic downturn. Now referred to as the "Great Recession", the period 2009 through 2012 was one of slow or negative economic growth and, for electric utilities like Tampa Electric, slower customer growth and lower average customer energy usage. The recessionary period has been unprecedented, with employment remaining well below pre-recession levels some five years later.

From 1992 until Tampa Electric's last rate case in 2008 customer growth was at a steady 2.5 percent and customer usage grew from 1,100 kWh to 1,300 kWh per month, resulting in energy growth of close to three percent. Since the company's last rate case, average customer usage has declined, and customer growth has been much slower than in the past and slower than projected in the last rate case.

As a consequence, a significant portion of the energy sales Tampa Electric had forecasted in its 2008 base rate proceeding did not materialize. Annual retail energy sales have declined in four of the last five years. The company's forecasted adjusted jurisdictional base revenues for the 2014 test year are $908 million, a significant reduction from the $970 million in total base revenues approved by the Commission in 2009.

Steps Tampa Electric has Taken to Endure the
<u>Recession and Forestall a Request for Rate Relief</u>

Tampa Electric has navigated through these unsettled times through a series of management actions that included controlling capital and O&M expenses, implementing new efficiencies in its operations through organizational changes, benchmarking, continuous efficiency improvement endeavors and the use of improved technology.

The company has managed the challenges of a growing rate base and the significant revenue shortfall by taking significant steps to reduce its weighted average cost of capital from the 8.29 percent approved in the 2008 base rate proceeding to the 6.74 percent proposed in this case. The company has refinanced long term debt at lower rates, taken advantage of bonus depreciation, and availed itself of tax deductions for plant repairs that were previously capitalized. These tax related initiatives have significantly increased the amount of cost-free deferred income taxes in the company's capital structure, providing customers the benefit of a zero-cost source of capital.

Tampa Electric has been able to postpone seeking rate relief by managing employee headcount, developing and implementing operating efficiencies and making temporary reductions in recurring O&M expenses in an effort to deal with revenue shortfalls. These efforts have enabled the company to keep annual O&M expenses essentially constant since 2007. The company has taken similar steps to manage its capital spending in the most efficient manner possible while continuing to keep its electric system in good working order for the long term, in order to meet the ever increasing environmental, safety and reliability requirements of the electric utility business. Since the company's last base rate proceeding it will have invested approximately $1.1 billion in new electric plant by 2014 which, net of accumulated depreciation and including working capital, represents an increase in net adjusted jurisdictional rate base of approximately $770 million by 2014.

In short, over the last four years Tampa Electric has been able to weather the severe economic decline and postpone seeking rate relief by tightening its belt in numerous ways, improving its efficiencies, taking advantage of lower cost debt and tax advantage opportunities, while adding significant plant in service to meet its customers' needs. Given the conditions the company has faced, it is remarkable that it managed to delay its request for new rates until now.

Causes of the Company's Need for Rate Relief

The economic downturn that resulted in significant revenue shortfalls and Tampa Electric's needed investment in infrastructure in order to provide safe and reliable electric service since the company's last base rate proceeding are the key reasons why the company must request rate relief at this time. While the company has taken numerous actions to help reduce its costs to operate, it has reached a point where its ability to continue providing the level of service its customers expect and deserve is being threatened in the absence of an increase in the company's base rates. The company has suppressed its O&M expenditures at unsustainable levels in an effort to cope with revenues approved in 2009 that did not materialize. Without the requested rate relief the integrity of Tampa Electric's infrastructure and its ability to continue providing safe, reliable and efficient electric service will be jeopardized.

It is also imperative that Tampa Electric remain a financially solid electric utility with ready access to capital markets in order to continue to fund capital expansion required to meet customers' needs. The requested base rate increase is critical to Tampa Electric's ability to maintain its financial integrity. Without the requested rate relief, the company's projected return on equity will fall to 6.74 percent in 2014, a level that is insufficient to attract capital in order to continue providing safe and reliable electric service. Preserving the company's access to capital markets is of upmost importance at this time, particularly in light of the company's Polk 2-5 Combined Cycle Conversion Project that is underway.

The Company's Proposed Rate Design

Tampa Electric's proposed rates and service charges are designed to produce the company's requested additional annual revenues of $134.8 million. The company is proposing several changes to its rate schedules to more accurately reflect the cost of providing service to various customer classes. Cost of service is a major consideration in rate design as well as revenue stability and continuity. Tampa Electric's proposed rates reflect appropriately measured changes from the company's present rates. In designing them, the company has taken into account rate history, public acceptance of rate structures, customer understanding and ease of application, and consumption and load characteristics of the rate classes.

The use of the company's proposed 12 CP and 50 percent AD production capacity allocation methodology in the cost of service study provides an appropriate allocation of costs to the classes of service by Tampa Electric plant and equipment in the service territory. The application of the MDS approach to the company's cost of service methodology is an improvement in reflecting cost causation for the investment in distribution equipment. The completion of the transition of the IS customer class to the GSD rate in this case is appropriate, and the company's proposal achieves that last transitional step appropriately. Rate design proposals that better reflect the cost of providing service to customers taking service at higher voltages are appropriate because they assure that the rates applicable to these customers reflect the cost of service. Finally, the proposed revenue increase has been apportioned to achieve class parity to the extent practical.

OPC: Tampa Electric Company's ("Tampa Electric" and "Company") base rate increase of $134.8 million is grossly overstated. Moreover, the Company's request for an 11.25% return on equity (ROE) is excessive particularly in today's economy. Close scrutiny of the Company's MFRs shows that a $5.7 million revenue requirement reduction for the projected 2014 test year is necessary to ensure customers are paying a fair rate while allowing Tampa Electric to earn a fair rate of return on rate base and meet its operational needs.

Citizens reviewed Tampa Electric's capital structure and determined the appropriate return on equity in today's market conditions. Tampa Electric has asked for a 54.2% equity ratio, even though from 2005 to 2011 its equity ratio had been no higher than 52%. Only in 2012, did Tampa Electric increase its equity ratio to 53.78%. Plus, TECO Energy's 2012 equity ratio was only 43.59%. Allowing a 54.2% equity ratio for Tampa Electric creates an incentive to extract excess profits through double leveraging. Citizens believe that a 50% equity ratio should be used for Tampa Electric with a 9.0% ROE. However, should the Commission allow the 54.2% equity ratio to be used for Tampa Electric, an 8.75% ROE should be applied to recognize the reduced financial risk to the Company. Utilizing the 50% equity ratio and 9.0% ROE, the reasonable and supported overall fair rate of return is 5.66%.

In addition to the cost of capital adjustments to the Company's request, numerous adjustments are warranted to the Company's projected 2014 test year rate base and operating expense. Tampa Electric's rate case filing does not include the effects of the renewed Calpine contract or the allocation impacts of the recent New Mexico Gas Company purchase. Tampa Electric has also significantly overstated certain amounts such as salaries, incentive compensation, uncollectibles, etc., which if left uncorrected would result in customers paying rates in excess of rates than would be reasonable and necessary to provide safe and reliable service. The Company has also failed to provide documentation sufficient to support the amounts of its requests or the need for the requested items, or both.

Based on the adjustments to rate base, cost of capital, and operation and maintenance expense discussed below an overall reduction to Tampa Electric's request of $140.52 million is warranted. Citizen's adjustments are discussed in detail below.

FIPUG: In this case, TECO seeks to increase rates by approximately $135 million dollars. A significant portion of this increase is due to TECO's request for an 11.25% return on equity (ROE). TECO's request is over-stated and should not be granted as requested. Given the favorable regulatory treatment given Florida utilities as well as the fact that TECO collects hundreds of millions of dollars outside of base rates through guaranteed cost recovery clauses, a ROE of 11.25% is excessive. Further, TECO, in contrast to businesses which must compete in the open market, is a monopoly with a captive customer base. Additionally, TECO does not have nuclear assets which tend to increase utility risk. All these things and more greatly reduce TECO's risk and suggest that an ROE of 9.77%, the national average for Commission approved ROE determinations made during 2013, is sufficient to allow the company to access capital markets and adequately serve its customers.

In the area of cost of service, FIPUG urges the Commission to:

Reject TECO's class cost-of-service study and rate design and maintain the currently separate homogeneous (GSD and IS) customer classes. GSD and IS rate classes are materially different from each other and should not be collapsed. IS customers have been subsidizing other rate classes, and collapsing IS into GSD will continue this subsidization, a result that is unfair to industrial customers belonging to the IS rate class. The Commission should also reject the 12CP-50% AD method (which has never been approved by this Commission) and apply the Commission-approved 12CP-1/13th AD method of allocation, or retain the 12 CP -25% AD. FIPUG supports the implementation of minimum distribution system approach to cost allocation.

FRF: The core question to be addressed by the Commission in this proceeding is whether Tampa Electric Company ("Tampa Electric" or "TECO") needs any additional revenues in order to provide safe, adequate, reliable service, to recover its legitimate costs of providing such service, and to have an opportunity to earn a fair and reasonable return on its legitimate investment in assets used and useful in providing such service. The evidence shows that the answer to this question is that Tampa Electric does not need any additional revenues at all in order to fulfill its duty to provide safe, adequate, reliable service at the lowest possible cost, and that, in fact, with a decrease in base rate revenues of approximately $6.0 million per year, Tampa Electric will recover all of its legitimate costs of providing service and have the opportunity to earn a fair and reasonable return on its reasonable and prudent investment in assets used and useful in providing such service.

Tampa Electric's requested after-tax return on equity ("ROE") of 11.25 percent equates to a before-tax return greater than 18 percent. This is excessive and unjustified, not only with respect to current capital market conditions, but also relative to the minimal risks that Tampa Electric faces as the monopoly provider of a necessity – electric service – pursuant to regulation by the Florida Public Service Commission under applicable Florida Statutes. In particular, the fact that Tampa Electric recovers more than half of its total revenues through "cost recovery clauses" and line item charges separate from base rates, together with the use of a projected test year, greatly reduces the risks that Tampa Electric faces, thus rendering its requested 11.25 percent ROE unreasonable and overreaching. Moreover, Tampa Electric's proposed capital structure would, if approved, burden customers with an unnecessarily high amount of high-cost equity capital. Basing the Company's rates on an equity ratio of 50.0%, instead of the requested 54.2%, is fairer to customers and would maintain Tampa Electric's financial integrity.

Tampa Electric has overstated its expenses in many areas, including payroll costs, improperly allocated common costs (more of which should have been allocated to TECO affiliates), unnecessarily generation maintenance and tree-trimming expenses, unnecessarily high rate case expenses, and an unnecessarily high storm reserve accrual. Tampa Electric has also understated its revenues, by removing transmission revenues that the Company will receive from Calpine and by overstating its uncollectible expense by $1.2 million per year; correcting for such understated revenues further reduces Tampa Electric's need for base rate revenues from its retail customers. Tampa Electric has also sought to inappropriately include $174.1 million of Construction Work in Progress ("CWIP") in its rate base, even though this amount is not for any asset that will be used and useful in providing service during the 2012 test year.

In summary, the combined evidence submitted by witnesses for the consumer parties in this case shows that Tampa Electric can provide safe, adequate, and reliable service with a base rate <u>decrease</u> of approximately $6.0 million per year. The Commission should therefore reduce Tampa Electric's base rates by this amount.

<u>FEA</u>: The Federal Executive Agencies (FEA) has filed testimony on rate of return, return on equity, and expected revenue that will provide Tampa Electric Company with an opportunity to realize cash flow financial coverages and balance sheet strength that conservatively support Tampa Electric's current bond rating. The FEA recommendation represents fair compensation for Tampa Electric's investment risk, and will preserve the Company's financial integrity and credit standing, while finding an equitable balance between customers and shareholders.

FEA firmly maintains that the appropriate ROE for Tampa Electric is 9.25%. The 9.25% ROE figure falls within the range of 9.15% to 9.30% which was supported by FEA witness Gorman's Discounted Cash Flow Models and Risk Premium studies. FEA also firmly recommends the Commission approve a Minimum Distribution System ("MDS") costing method. Furthermore, FEA recommends a 12-CP and 1/13 average demand methodology to allocate production costs to the rate classes.

The FEA maintains that some portions of Tampa Electric's filling are not appropriate. For example, the FEA maintains that Tampa Electric's forecast has understated usage per residential customer for the 2014 test year. It is the FEA's position that a more appropriate estimate would increase Tampa Electric's annual residential sales revenues by $12.5 million. Additionally, Tampa Electric's proposed capital structure misallocates customer-supplied capital in the development of the overall rate of return for jurisdictional operations. The FEA maintains that all customer supplied capital (including deferred taxes and customer deposits) should be fully allocated to jurisdictional cost of service to ensure customers get the full benefit of the low cost capital they provide the Company.

FEA final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

HUA: When Tampa Electric Company ("Tampa Electric") last filed for an increase in base rates, on June 12, 2008, in Docket No. 080317-EI, the financial markets were contracting and the ability to borrow was severely hampered. At that time, the financial markets were experiencing tumultuous change and volatility on a scale not seen since the Great Depression. Stocks of both large and small companies decreased around 37% for the year. Investors fled from stocks into bonds. Electric utility stocks did not fare well during the 2008 upheaval in the financial markets, with the Dow Jones Utility Average declining 30.4%. From 2009 to 2012, utility bond yields fell from their November 2008 high of 7.80% to an average December 2012 yield of 4.1%.

Tampa Electric's filing in that environment proposed a permanent rate increase that included an overall increase of $228.2 million in gross revenues, a rate of return of 8.82 percent based on a 12.00 percent return on equity (ranging from 11.00 percent to 13.00 percent). It was in this period of high volatility that the Commission authorized, in an April 2009 Order, an ROE of 11.25% with a range of plus or minus 100 basis points. Since 2009, the financial markets have recovered and interest rates are near historic lows. The Dow Jones Utility Average, which closed at 334.20 in April 2009, closed at 482.16 as of May 30, 2013, a rise of approximately 44%.

Tampa Electric has enjoyed a solid financial profile. The base rates that were approved in the Commission's last order have allowed Tampa Electric to maintain a Standard and Poor's ("S&P") bond rating of BBB+ and an A3 rating from Moody's Investor's Services. In a May 2012 presentation, the CEO of TECO Energy touted that "TECO Energy expects to generate significant free cash flow after dividends for the next several years." Additionally, since its last rate proceeding before the Commission, Tampa Electric has had low cost access to capital markets for its construction program and for other corporate purposes. For example, Tampa Electric issued $250 million in 30-year bonds in June 2012 at a coupon rate of 5.4% and $225 million in 10-year bonds in September 2012 at a coupon rate of 2.6%. The solid financial metrics and near historic low current interest rates support a much lower return on equity for Tampa Electric than that which the Commission approved in April 2009 during the financial crisis.

According to Tampa Electric's data regarding rate cases since 1980, the average allowed ROE from August 2008 through April 2009 was 10.5%. Tampa Electric's 11.25% was the highest Commission-allowed ROE during that period. *See* Baudino Test. 48:19-24 (discussing the Direct Testimony of Tampa Electric's Robert Hevert and the allowed ROE data from Exhibit No. RBH-1, Document No. 6). Allowed ROEs have declined in connection with the decline in Treasury bond yields since Tampa Electric's last rate proceeding, and during 2013, Tampa Electric's data demonstrates that the average allowed ROE was 9.75%. An 11.25% ROE, from 2009, is thus no longer reflective of market conditions.

Employing both a Discounted Cash Flow ("DCF") and several Capital Asset Pricing Model ("CAPM") analyses, only one conclusion remains: there is no economic justification for Tampa Electric's proposal. Tampa Electric and its parent company, TECO Energy, Inc. ("TECO Energy"), have stated in investor presentations that economic conditions in Tampa Electric's service territory have been improving in recent years. *See* Baudino Test., Exhibit No. RAB-6. Moreover, Tampa Electric's proposed equity ratio for this case is 54.2%, a substantial increase from its 47.12% equity ratio in the first quarter of 2007. The earlier economic conditions that were used to justify the ROE in 2009 no longer exist.

Notwithstanding that fact, Tampa Electric has proposed to continue to receive an ROE of 11.25%. As Mr. Baudino shows, a ROE of 9.30% is clearly reasonable, in fact generous, given the particularly thick equity component of Tampa Electric's capital structure.

Tampa Electric's request for an inflated ROE is not the only problem with Tampa Electric's filing. HUA witness Lane Kollen points out numerous instances in which Tampa Electric's filing inappropriately attempts to increase its purported revenue requirement. Viewed in light of the evidence presented to date, it is clear Tampa Electric's significant proposed increase in revenue is unjust and unreasonable.

Tampa Electric's requested revenue requirement represents an 18.4% increase over 2012. The Commission should reduce Tampa Electric's claimed revenue requirement by $40.898 million to $313.633 million on a jurisdictional basis to reflect a just and reasonable O&M expense. Examples of the excessive nature of Tampa Electric's claimed revenue requirement are a 64% increase in energy supply maintenance outage expenses and a claimed increase of 21% in distribution operation expense in the test year as compared to expenses that were actually incurred in 2012. A better measure of increased O&M expenses should be tied to the effects of inflation and would suggest an annual growth rate of 2.3%.

In addition, the Commission should modify Tampa Electric's proposal to properly align cost responsibility with cost causation. National Association of Regulatory Utility Commissions ("NARUC") defines cost causation as "a phrase referring to an attempt to determine what, or who, is causing costs to be incurred by the utility." Economic efficiency requires that rates reflect underlying costs, and this is best achieved by allocating fixed demand related costs on the basis of class peak demand. In addition to economic efficiency, the Commission should prevent cross-subsidization of one rate class by another. Tampa Electric's proposed 12 Coincident Peak and 50% Average Demand ("AD") class cost of service study for production plant is an unjust and unreasonable attempt to shift costs to the general service demand ("GSD") class. Evidence will demonstrate that the GSD rate schedule has a flatter annual usage pattern over the year, and consumes a relatively (compared to the residential class) lower portion of its energy in the peak summer months. This means that GSD's responsibility for load during the peak hours of the year is smaller than its overall percentage of energy use each month. A more reasonable balance is required between the proposed increases in the energy charges and the demand charge, following unit cost of service results. The cost shift proposed by Tampa Electric would be a step backwards from the goal of aligning cost responsibility with cost causation.

Tampa Electric's proposal classifies half of all fixed production costs as demand related. In comparison, the current Tampa Electric method classifies 75% of fixed production costs as demand related, which is 25% less than cost causation would suggest. For Tampa Electric, the most appropriate alignment of cost responsibility with cost causation occurs under a winter peak or a summer/winter peak methodology to allocate fixed production costs to rate classes. However, the Commission has demonstrated a preference for a 12 CP and 1/13th AD methodology, and while HUA prefers the most accurate alignment of cost responsibility with cost causation, HUA supports a 12 CP and 1/13th AD methodology in this case because it is far more accurate than Tampa Electric's proposed 12 CP and 50% AD methodology.

Tampa Electric has also proposed to use the Minimum Distribution System ("MDS") methodology to classify and allocate distribution function costs. The

MDS methodology recognizes an indisputable fact, *i.e.*, that certain facilities, such as poles, overhead conductors, underground conductors and transformers, are required to connect a customer, regardless of the level of the customer's usage. HUA supports the use of the MDS methodology. It was unclear in Tampa Electric's original testimony whether Tampa Electric only supported MDS methodology if the Commission adopts the 12 CP and 50% AD class cost of service study. An interrogatory response from Tampa Electric's witness William Ashburn appears to clarify that Tampa Electric supports the MDS methodology regardless of the class cost of service methodology. The MDS methodology has been adopted by regulatory commissions in other states. The MDS analysis demonstrates that existing rates, without recognition of the minimum costs of connecting or serving a customer, will cause the GSD customers to subsidize other customers, thereby misaligning cost causation and cost responsibility.

A more accurate revenue allocation based on the 12 CP and 1/13th AD + MDS methodology is required because the requested $133.645 million base rate revenue increase is unreasonably based on a methodology that does not reflect proper cost causation. HUA witness Stephen J. Baron updated an alternative cost of service study based on the 12 CP and 1/13th AD + MDS methodology and compares Tampa Electric's proposed revenue responsibility to that proposed by HUA, inclusive of HUA's recommended revenue requirement adjustments presented by Mr. Kollen and Mr. Baudino's recommended ROE of 9.30%. *See* Exhibit No. SJB-6.

Finally, Tampa Electric's proposed GSD rate class rate design should be updated to reflect an alternative based on cost of service results. Tampa Electric's proposed GSD/GSDT rate design is unjust and unreasonable because it proposes an on-peak GSDT energy charge that is more than four times the unit cost of service. Evidence will show that energy charges should be set at the unit cost of service, and then demand charges may be used to meet the rate class targets.

For all these and other reasons, the Commission should reduce Tampa Electric's requested increase in base rates. The Commission should adjust O&M expenses to reflect current conditions and reasonable expectations. It also should reallocate class cost responsibility by moving toward a cost causation, cost responsibility rate design. And the Commission should approve a reasonable return on equity that reflects the current economic climate and access to low cost capital. The evidence will show that a more accurate overall revenue increase of no more than $30.6 million should be awarded to Tampa Electric. Evidence that is developed during the hearing may support further reductions to Tampa Electric's proposed increase.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

TEST PERIOD AND FORECASTING

ISSUE 1: Is Tampa Electric's projected test period of the 12 months ending December 31, 2014 appropriate?

POSITIONS

TAMPA ELECTRIC: Yes. The period January 1, 2014 through December 31, 2014 is appropriate for setting rates because it best represents expected future operations. (Chronister)

OPC: Tampa Electric has the burden of demonstrating that the test period it proposes is representative of going-forward operations and conditions. Until the Commission has received all the evidence in this case, a final determination of the appropriateness of 2014 as a test year cannot be made.

FIPUG: Adopt position of OPC.

FRF: Yes.

FEA: Adopts position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 2: Are Tampa Electric's forecasts of customers, KWH, and KW by revenue and rate class, for the 2014 projected test year appropriate?

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric's forecast of customers' growth, energy sales and peak demand are appropriate. Tampa Electric uses proven econometric models and relies on reasonable assumptions in developing its forecasts. (Cifuentes, Fox)

OPC: No. Agree with FEA.

FIPUG: No.

FRF: No.

FEA: No. Tampa Electric's forecast has understated usage per residential customer for the 2014 test year. FEA witness Gorman states in his testimony that a 14.25MWh annual usage per residential customer is a more appropriate forecast. The use of this more appropriate estimate would increase Tampa Electric's annual residential sales revenues by $12.5 million.

HUA: No.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 3: What are the appropriate inflation factors for use in forecasting the test year budget?

POSITIONS

TAMPA ELECTRIC: The appropriate inflation factors for use in forecasting the 2014 test year budget are a CPI-U factor of 240.7 and a CPI-U annual percentage increase of 2.7%. (Cifuentes, Chronister)

OPC: Witness Cifuente's rebuttal testimony demonstrates that the inflation factors used in the filing are excessive when compared to current rates. Tampa Electric has the burden of demonstrating that the inflation factors it proposes are representative of going-forward operations and conditions. Until the Commission has received all the evidence in this case, a final determination of the appropriateness of inflation factors cannot be made.

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

FEA: Adopts position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 4: How should updated information regarding Calpine's contract renewal be treated in the Jurisdictional Separation Study?

POSITIONS

TAMPA ELECTRIC: At the time of the company's filing, no cost for Calpine's transmission service was allocated to the wholesale jurisdiction in the test period since it was unknown if the contract would be extended. Subsequently, Calpine made a commitment to extend its firm transmission service contract of 525 MW to a reduced amount of 249 MW effective after May 31, 2014. The Jurisdictional Separation Study should now be adjusted to recognize 249 MW of transmission service cost and associated revenue allocated to the wholesale jurisdiction in the test period. In addition, the company agrees to credit the company's fuel clause with an amount of revenue realized from Calpine as it relates to the period January 2, 2014 through May 31, 2014, that exceeds the billing for 249 MW (i.e., 526 MW less 249 MW). (Ashburn, Chronister)

OPC: The jurisdictional allocation factors should be adjusted to reflect the impact of the Calpine contract renewal and no adjustment is necessary to test year revenues as the resulting revenues are non-jurisdictional. (Ramas)

FIPUG: Adopt position of OPC.

FRF: Revenues from the Calpine contract renewal should be included in the Company's test year revenues in determining Tampa Electric's authorized revenue requirement, and the jurisdictional separation factors should be adjusted to reflect the impact of the Calpine contract and associated revenues.

FEA: Adopts position of OPC.

HUA: The Commission should increase Tampa Electric's revenues by $4.920 million to reflect the fact that Calpine recently notified Tampa Electric of its intent to rollover a portion of its transmission load and the additional revenues from the Calpine contract were not reflected in Tampa Electric's revenue requirement. See Kollen Test. 4:10-15, 31:3-15.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 5: How should updated information regarding Auburndale Power Partner's (APP) contract renewal be treated in the Jurisdictional Separation Study?

POSITIONS

TAMPA ELECTRIC: At the time of the company's filing, no cost for APP's transmission service was allocated to the wholesale jurisdiction in the test period since it was unknown if the contract would be extended. Subsequently, there has been no updated information that APP will extend their contract beyond its termination date of December 31. 2013. Therefore, no adjustment should be made for allocating any transmission cost associated with APP to the wholesale jurisdiction in the test period. In the event APP does extend their contract into the test period, the company agrees to credit the company's fuel clause with transmission service revenues realized from APP. (Ashburn, Chronister)

OPC: Agree with Tampa Electric with the exception that until new rates are established that Tampa Electric will credit the fuel clause annually for all impacts, including jurisdictional adjustments, of the APP contract renewal change even if it occurs after the 2014 test tear. (Ramas)

FIPUG: Yes. Agree with OPC.

FRF: With respect to the Jurisdictional Separation Study, no adjustment is necessary at this time. If APP receives transmission service from Tampa Electric between January 1, 2014 and the next time Tampa Electric's base rates are changed, all transmission service revenues from APP should be applied as a credit/reduction to the Company's fuel clause revenues to reduce costs to customers.

FEA: Yes. Agree with OPC.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 6: Is the proposed Jurisdictional Separation Study appropriate?

POSITIONS

TAMPA ELECTRIC: Yes. The 2014 Jurisdictional Separation Study provided by Tampa Electric in this proceeding is appropriate. Tampa Electric provided a Jurisdictional Separation Study in its last base rate proceeding that was approved by the Commission. That methodology has been used to produce separation factors for the annual projected surveillance reports.. (Ashburn)

OPC: No. Adjustments should be made to reflect the proper jurisdictional allocation factors which include the new Calpine agreement. Further if a change occurs in the Auburndale Power Partners agreement the jurisdictional allocation factors should also be reflected in this case. (Ramas)

FIPUG: No. Adjustments recommended by OPC should be adopted.

FRF: No. The jurisdictional separation study should be adjusted to reflect the recommendations of Citizens' witness Donna Ramas.

FEA: Adopts position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

QUALITY OF SERVICE

ISSUE 7: Is the quality of electric service provided by Tampa Electric adequate?

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has delivered safe, adequate and reliable transmission and distribution service to its customers. The company has the second lowest SAIDI interruption time of the investor-owned utilities in Florida and has achieved top quartile reliability results when compared to other southeastern utilities. (Gillette, Young, Lewis)

OPC: Tampa Electric has the burden of demonstrating that its quality of service is satisfactory. Until the Commission has received all the evidence in this case, a final determination of the quality of service cannot be made.

FIPUG: Yes.

FRF: The quality of service provided by Tampa Electric is adequate.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

RATE BASE

ISSUE 8: Has the Company removed all non-utility activities from rate base?

POSITIONS

TAMPA ELECTRIC: Yes, the company has removed all non-utility activities from rate base. (Chronister)

OPC: Tampa Electric has the burden of demonstrating that it has removed all non-utility activities from rate base. Until the Commission has received all the evidence in this case, a final determination cannot be made.

FIPUG: Adopt position of OPC.

FRF: Agree with Citizens.

FEA: Adopts position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 9: Is Tampa Electric's requested level of Plant in Service in the amount of \$6,506,194,000 (\$6,516,443,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has properly forecasted this amount for Plant in Service and it is appropriate. (Chronister)

OPC: No, the jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: No. Adjustments recommended by OPC should be adopted.

FRF: No. Tampa Electric's Plant in Service should be adjusted to reflect the jurisdictional adjustments recommended by Citizens' witness Ramas.

FEA: Adopts position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 10: Should Tampa Electric's amortization periods for computer software and ERP system be changed, and if so, what are the resulting impacts on rate base, expense, and amortization rates?

POSITIONS

TAMPA ELECTRIC: No. The company's proposal to continue a five year amortization period for the majority of its investment in software systems and its request for a ten year amortization for its newly installed enterprise resource planning ("ERP") software system should be approved. (Chronister, Deason)

OPC: Yes. A 15-year amortization period should be prescribed for all software systems recorded in Account 303 effective December 1, 2014. The company has not provided any analyses or studies to justify the reasonableness of the 10-year amortization period for its new ERP system or its 5-year amortization period for its other computer systems. Both periods significantly understate reasonable life expectations for major software systems. Test year amortization expense for Account 303 – Miscellaneous Intangible Software should be reduced by \$6.197 million with a corresponding reduction to the 2014 reserve by one-half of the 2014 expense adjustment, or \$3.099 million. Also, the reserve balance should be increased to reflect the Commission approved 5-year amortization period for 2012 and 2013 instead of the 10-year period used by the Company. The reserve should be increased by \$2.497 million to reflect the proper 2012 and 2013 amortization expense and decreased by \$0.553 million to recognize a 15-year amortization for 2014, for a net increase of \$1.944 million. The Commission should order the Company to perform detailed engineering, economic, or other depreciation studies of its software systems to establish the reasonable expected useful life. (Pous, Ramas)

FIPUG: Adopt position of OPC.

FRF: Yes. A 15-year amortization period should be used for all software systems recorded in Account 303 effective December 1, 2014. Test year amortization expense should be reduced by \$6.197 million, and the 2014 reserve value should be reduced by a net of \$1.155 million to reflect the 2014 expense adjustment and corrections to the amortization expense for 2012 and 2013.

FEA: Yes. Agree with OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 11: Is Tampa Electric's requested level of accumulated depreciation in the amount of \$2,436,895,000 (\$2,439,935,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has properly forecasted this amount for accumulated depreciation and it is appropriate. (Chronister)

OPC: No. The reserve should be reduced by \$3,099,000 to reflect the impact of the reduction to Software Amortization Expense and the net increase in Software

Amortization Reserve $1,944,000. Also, the jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Pous, Ramas)

FIPUG: Adopt position of OPC.

FRF: No. Agree with Citizens.

FEA: Adopts the position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 12: Is Tampa Electric's requested level of Construction Work in Progress in the amount of $174,146,000 ($174,529,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has properly forecasted this amount for Construction Work in Progress and it is appropriate. (Chronister)

OPC: No, the jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: No. Adjustments proposed by OPC should be adopted.

FRF: No. The Company's request to include $174,146,000 of CWIP in rate base in the 2014 test year should be rejected because such treatment would require customers to bear the costs of assets that are not used and useful in providing service. Moreover, such treatment shifts risks onto customers. If the Commission allows any CWIP in rate base, it should correspondingly reflect the reduced risk to the Company by reducing the Company's authorized ROE. (Chriss)

FEA: No. Agree with OPC.

HUA: No. Reducing ROE to 9.30% will reduce the rate of return used to capitalize financing costs during construction in the form of Allowance for Funds Used During Construction ("AFUDC"), which is then added to CWIP. *See* Kollen Test. 32:5-16.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 13: Is Tampa Electric's requested level of Property Held for Future Use in the amount of $35,409,000 ($35,859,000 system) for the 2014 projected test year appropriate.

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has properly forecasted this amount for Property Held for Future Use and it is appropriate. (Chronister)

OPC: No, the jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: No.

FRF: No.

FEA: Adopts the position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 14: Should an adjustment be made to Tampa Electric's requested storm damage reserve, annual accrual, and target level?

POSITIONS

TAMPA ELECTRIC: The target level for Tampa Electric's storm damage reserve should be increased to $100 million. The proposed increase in the storm damage reserve target level is reasonable and should be approved. Although an increase in the company's annual accrual is justified, Tampa Electric has not requested such an increase. The $8 million annual accrual approved in the company's last base rate proceeding should continue at that level. (Harris, Carlson)

OPC: Yes. The appropriate annual storm accrual should be set at $3 million. The Company's requested $8 million accrual ignores the actual historical storm damage, overstates inflation impacts to the transmission system, overestimates potential damage based on hypothetical storms, and fails to consider storm hardening or the incremental cost recovery allowed by rule. The rate base adjustment to the storm reserve is an increase of $2.5 million to working capital and the appropriate target level should be $64 million. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: Yes. The storm damage reserve should cease.

FRF: Yes. Tampa Electric's storm reserve accrual should be set at zero, accruals to the storm reserve should cease as of the effective date of the new rates set pursuant to the Commission's actions in this case, and its target level should remain unchanged.

FEA: Yes. Agree with OPC.

HUA: Yes. The Commission should disallow the requested $8.0 million for storm damage expense accrual. Tampa Electric has a substantial storm damage reserve and there is no need to continue to build the reserve given that Tampa Electric has mechanisms available to it to obtain funds in the event of excessive storm damages. The cost to ratepayers of those alternative mechanisms (such as securitization) would be less than the cost of an annual accrual.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 15: Should an adjustment be made to rate base for unfunded Other Post-retirement Employee Benefit (OPEB) liability and any associated expense?

POSITIONS

TAMPA ELECTRIC: No. The company's requested OPEB liability and expense have been properly calculated and are appropriate. (Chronister)

OPC: Tampa Electric has the burden of demonstrating that its OPEB liability and expense have been properly calculated and are appropriate. Until the Commission has received all the evidence in this case, a final determination cannot be made.

FIPUG: Adopt position of OPC.

FRF: Agree with Citizens.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 16: Should any adjustments be made to Tampa Electric's fuel inventories?

POSITIONS

TAMPA ELECTRIC: No. Tampa Electric's proposed fuel inventories are appropriate to enable the company to avoid fuel shortages and are consistent with the inventory levels approved in the company's last base rate proceeding. (Caldwell)

OPC: Tampa Electric has the burden of proof to demonstrate that it has properly estimated it fuel inventories.

FIPUG: Adopt position of OPC.

FRF: No position.

FEA: Adopts the position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 17: Has Tampa Electric properly reflected the net over recoveries or net under recoveries of fuel and conservation expenses in its calculation of working capital?

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has properly reflected the net over recoveries or net under recoveries of fuel and conservation expenses in its calculation of working capital. (Chronister)

OPC: Tampa Electric has the burden of proof to demonstrate that it has adhered to Commission policy of excluding clause over-recoveries and including clause under-recoveries in its calculation of working capital under the balance sheet approach. The Commission should require that the Company meet this burden.

FIPUG: Adopt position of OPC.

FRF: No position.

FEA: Adopts the position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 18: Is Tampa Electric's requested level of Working Capital in the amount of $61,118,000 ($61,053,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric's requested level of Working Capital has been properly calculated and is appropriate. (Chronister)

OPC: No. Working capital should be increased by the impact of OPC's recommended reduction to the annual storm accrual. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: No. The level should be adjusted as recommended by OPC.

FRF: No. Working capital should be reduced by the impact of the FRF's and FIPUG's recommended elimination of the annual storm accrual, and the jurisdictional amount of working capital is subject to appropriate jurisdictional separation factors as those issues are resolved.

FEA: No. Agree with OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 19: Is Tampa Electric's requested rate base in the amount of $4,339,972,000 ($4,347,949,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. The company's requested rate base has been properly calculated and is appropriate. (Chronister)

OPC: No. The amount should reflect the adjustments to rate base recommended by OPC in the proceeding and the jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: No. Adjustments as recommended by OPC should be made.

FRF: No. Agree with Citizens.

FEA: No. Agree with OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

COST OF CAPITAL

ISSUE 20: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

POSITIONS

TAMPA ELECTRIC: The appropriate amount of accumulated deferred taxes to be included in the capital structure for 2014 is $835,173,000 as shown on MFR Schedule D-1a. (Callahan, Chronister)

OPC: The appropriate amount of accumulated deferred taxes is $835,876,000 on a jurisdictional basis. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: $835,876,000 jurisdictional.

FRF: The appropriate amount of accumulated deferred taxes is $835,876,000 (jurisdictional), subject to further adjustments to the jurisdictional separation factors pursuant to the resolution of other issues, and the appropriate cost rate is zero.

FEA: The appropriate amount of accumulated deferred taxes to include in the capital structure is approximately $957,248,000. Please refer to Exhibit MPG-1.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 21: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?

POSITIONS

TAMPA ELECTRIC: The appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for 2014 is $7,999,000 and 8.54 percent, respectively, as shown on MFR Schedule D1-a. (Callahan, Chronister)

OPC: The appropriate amount of ITCs is $8,006,000 on a jurisdictional basis. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. Based on OPC's primary recommendation on the weighted cost of capital, the appropriate ITC cost rate is 7.17%. If the Commission adopts the Company's requested 54.2% equity ratio capital structure, the appropriate ITC cost rate should be 7.17%. (Ramas)

FIPUG: $8,006,000 jurisdictional.

FRF: The appropriate amount of unamortized investment tax credits is $8,006,000 (jurisdictional), and the appropriate cost rate is 7.17%.

FEA: The appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure is $9,167,000 and 7.45%, respectively. Please refer to Exhibit MPG-1.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 22: What is the appropriate cost rate for short-term debt for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: The appropriate amount and cost rate for short-term debt for 2014 are $24,646,000 and 1.47 percent, respectively, as shown on MFR Schedule D-1a. (Callahan, Chronister)

OPC: The appropriate cost rate is 1.47%.

FIPUG: 1.47%

FRF: The appropriate cost rate for short-term debt is 1.47%.

FEA: The appropriate cost rate for short-term debt is 1.47%. Please refer to Exhibit MPG-1.

HUA: Adopts position of OPC.

STAFF: The appropriate cost rate for short-term debt for the 2014 projected test year is 1.47 percent.

ISSUE 23: What is the appropriate cost rate for long-term debt for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: The appropriate amount and cost rate for long-term debt for the 2014 projected test year are $1,525,392,000 and 5.40 percent, respectively, as shown on MFR Schedule D-1a. (Callahan, Chronister)

OPC: The appropriate cost rate for long-term debt is 5.40%.

FIPUG: 5.4%

FRF: The appropriate cost rate for long-term debt is 5.40%.

FEA: The appropriate cost for long-term debt is 5.40%. Please refer to Exhibit MPG-1.

HUA: Adopts position of OPC.

STAFF: The appropriate cost rate for short-term debt for the 2014 projected test year is 5.40 percent.

ISSUE 24: What is the appropriate capital structure for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: The appropriate capital structure for 2014 is the company's proposed capital structure as shown on MFR Schedule D-1a. (Callahan, Chronister)

OPC: The appropriate capital structure for Tampa Electric is 50% equity and 50% debt. Tampa Electric has asked for a 54.2% equity ratio, even though from 2005 to 2011 its equity ratio had been no higher than 52%. Only in 2012, did Tampa Electric increase its equity ratio to 53.78%. Plus, TECO Energy's 2012 equity ratio was only 43.59%. Allowing a 54.2% equity ratio for Tampa Electric creates an incentive to extract excess profits through double leveraging. Moreover, equity cost significantly more expensive than long-term debt and substantially increases income tax expense. TECO Energy is using debt proceeds to finance equity infusions into Tampa Electric, thereby costing ratepayers $13.2 million in higher revenue requirements to support a common equity ratio that provides customers little-to-no benefits. Since, investors can only purchase TECO Energy stock, and Tampa Electric's credit rating is inextricably linked to TECO Energy's credit rating, setting rates based on an equity-heavy capital, is simply improper and unfair to consumers of Tampa Electric. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (O'Donnell, Woolridge, Ramas)

FIPUG: A capital structure of 51% equity and 49% debt should be adopted. These percentages closely approximate the actual capital structure of the company over recent years.

FRF: The appropriate capital structure for Tampa Electric is 50% equity and 50% debt (percentages from investor funds). TECO's requested 54.2% equity ratio would, if allowed, result in unfair, unjust, unreasonably, and unnecessarily high rates being imposed on the Company's retail customers.

FEA: Tampa Electric's proposed capital structure is not reasonable. As FEA witness Gorman's testimony points out, Tampa Electric's proposed capital structure misallocates customer-supplied capital in the development of the overall rate of return for jurisdictional operations. All customer supplied capital (including deferred taxes and customer deposits) should be fully allocated to jurisdictional cost of service to ensure customers get the full benefit of the low cost capital they provide the Company. Please refer to Exhibit MPG-1 for the appropriate capital structure for Tampa Electric.

HUA: Tampa Electric's proposed equity ratio is significantly higher than the average of comparable companies. Baudino Test. 32:20-21. The Value Line Investment Survey and AUS Utility Reports show that comparative companies average common equity 48.5% and 44.7%, respectively, but Tampa Electric seeks an equity ratio of 54.2%.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 25: DELETED

ISSUE 26: What is the appropriate ROE to use in establishing Tampa Electric's revenue requirement?

POSITIONS

TAMPA ELECTRIC: The appropriate return on common equity for the 2014 projected test year is 11.25 percent with a range of 10.25 percent to 12.25 percent. (Hevert, Callahan)

OPC: Based on OPC's recommended 50% equity ratio capital structure, the appropriate ROE is 9.0%. If the Commission adopts the Company's requested 54.2% equity ratio capital structure, the appropriate ROE should be 8.75%. (Woolridge)

FIPUG: 9.77% which is the adjusted national average of commission approved returns during 2013.

FRF: If the Commission adopts the 50% equity, 50% debt capital structure recommended by the Citizens' witnesses, the fair, just, and reasonable ROE to be used in setting Tampa Electric's retail rates is 9.0%. If the Commission adopts the 54.2% equity ratio sought by the Company, the appropriate, fair, just, and reasonable ROE is 8.75%.

FEA: The appropriate ROE for Tampa Electric is 9.25%. The 9.25% ROE figure falls within the range of 9.15% to 9.30% which was supported by FEA witness Gorman's Discounted Cash Flow Models and Risk Premium studies.

HUA: HUA recommends the Commission adopt a reasonable ROE of 9.30% as opposed to Tampa Electric's excessive request for an 11.25% ROE. See, e.g., Baudino Test. 2:14-3:6. Tampa Electric's ROE analysis systematically overstates the current investor ROE required. Baudino Test. 3:5-6. Tampa Electric maintains attractive BBB+/A3 bond ratings that do not require excessive ROE to entice investment. Since the last rate proceeding, allowed ROEs have declined in connection with the decline in Treasury bond yields. Further, the Commission should reject Tampa Electric's request to reflect flotation costs in the allowed ROE. A DCF model using current stock prices should account for investor expectations regarding the collection of flotation costs. See Baudino Test. 47:22 - 48:8.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 27: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: The appropriate weighted average cost of capital for the 2014 projected test year is 6.74 percent. (Callahan, Chronister)

OPC: Based on OPC's recommended 50% equity ratio for its capital structure, and 9.0% ROE, the overall cost of capital should be 5.66%. If the Commission adopts the Company's requested 54.2% equity ratio for its capital structure, with OPC's alternative 8.75% ROE, the overall cost of capital should be 5.67%. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Woolridge, O'Donnell, Ramas)

FIPUG: This sum, a fallout issue, should result from an ROE of 9.77% and a capital structure of 51% equity and 49% debt.

FRF: The appropriate weighted average cost of capital for Tampa Electric is 5.66%.

FEA: The appropriate weighted average cost of capital is 5.65%. Please refer to Exhibit MPG-1 for the appropriate amounts and cost rates associated with the capital structure.

HUA: Provided that Tampa Electric's ROE is set to 9.30%, the Commission should adopt the cost of capital adjustments recommended by HUA in Exhibit No. LK-20, including a weighted total cost of capital of 5.91%.

STAFF: No position pending evidence adduced at the hearing.

NET OPERATING INCOME

ISSUE 28: Has Tampa Electric correctly calculated the revenues at current rates for the projected test year?

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has correctly calculated the revenues at current rates for the projected test year. (Ashburn, Chronister)

OPC: No. There was stronger customer growth in the General Services industrial rate class in 2012 than expected. The impact of the higher level of GS customers is estimated to be approximately $35,000 per year. Also, test year wholesale (non-jurisdictional) revenues should be increased to reflect the impact of the extension of the Calpine agreement. (Ramas)

FIPUG: No.

FRF: No. Agree with Citizens.

FEA: No. Tampa Electric has substantially understated the annualized level of residential sales revenues at present rates.

HUA: No.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 29: **DELETED**

ISSUE 30: Is Tampa Electric's projected level of Total Operating Revenues in the amount of $950,663,000 ($951,811,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has properly forecasted this amount for Total Operating Revenues and it is appropriate for the 2014 projected test year. (Chronister)

OPC: No. Operating revenues should be increased by $35,000 per year for the understated general service revenue, by approximately $4,509,267 (non-jurisdictional) for the renewed Calpine agreement and the revenue impact, if any, of a contract renewal with the Auburndale Power Partners. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: No.

FRF: No. Agree with Citizens that operating revenues should be increased to account for understated General Service revenues and also to reflect additional revenues associated with the renewed Calpine transmission agreement; a further adjustment of $12.5 million is also necessary to reflect understated Residential class revenues.

FEA: No.

HUA: No.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 31: Should any adjustments be made to Tampa Electric's requested vegetation maintenance expense?

POSITIONS

TAMPA ELECTRIC: No. Tampa Electric's requested level of vegetation management expense is appropriate and should be approved. (Young, Chronister)

OPC: Yes. The Company should be allowed no more than $8,370,613 for tree trimming. That reduces the Company's $9,303,754 request for distribution tree trimming by $933,141. The estimated cost is based on 1,575.2 trim miles at the 2012 rate of $5,314 per mile, which is inclusive of scheduled tree trimming, enhanced tree trimming and mowing. The trim miles are the number of miles the Company has indicated that it would trim in 2014. (Schultz)

FIPUG: Yes. A downward adjustment should be made.

FRF: Yes. Agree with the Citizens that Tampa Electric's allowable vegetation management expense should be set at $8,370,613 based on the Company's projected mileage of tree-trimming and mowing for 2014.

FEA: Yes.

HUA: Yes.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 32: Should any adjustments be made to Tampa Electric's requested level of generation maintenance expense?

POSITIONS

TAMPA ELECTRIC: No. Tampa Electric's requested level of generation maintenance expense is appropriate and should be approved. (Hornick, Chronister)

OPC: Yes. Comparing the historical average costs ($10.832-11.811 million), the historical inflation-indexed costs ($13.497 million), and the Company's 2014 request ($17.585 million), the Company's requested generation maintenance expense is overstated by $4.088 million (jurisdictional). (Schultz)

FIPUG: Yes, $3.7 million of planned outage expenses should be disallowed because TECO's test year expenses are clearly abnormal (26% higher) relative to prior years.

FRF: Yes. Agree with Citizens that Tampa Electric's requested generation maintenance expense is overstated by $4.088 million per year, and that the Company's revenue requirements should be reduced by that amount.

FEA: Yes. Agree with OPC.

HUA: Yes. Expenses should be normalized to reflect recent actual experience, and Tampa Electric's requested 64% increase in planned maintenance outage expenses (comparing 2014 with 2012) is well in excess of historic levels. A bottoms-up approach would support a reduction of $7.145 million. *See* Kollen Test. 14:6-15:3.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 33: Has Tampa Electric made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause?

POSITIONS

TAMPA ELECTRIC: Yes. (Chronister, Ashburn)

OPC: Tampa Electric has the burden to show that it has appropriately removed items recoverable through the Fuel Adjustment Clause.

FIPUG: No position.

FRF: No position.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 34: Has Tampa Electric made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause? (Chronister, Ashburn)

OPC: Tampa Electric has the burden to show that it has appropriately removed items recoverable through the Conservation Cost Recovery Clause.

FIPUG: No position.

FRF: No position.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 35: Has Tampa Electric made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause?

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has made the appropriate test year adjustment to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause. (Chronister, Ashburn)

OPC: Tampa Electric has the burden to show that it has appropriately removed items recoverable through the Capacity Cost Recovery Clause.

FIPUG: No position.

FRF: No position.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 36: Has Tampa Electric made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause?

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause. (Chronister, Ashburn)

OPC: Tampa Electric has the burden to show that it has appropriately removed items recoverable through the Environmental Cost Recovery Clause.

FIPUG: No position.

FRF: No position.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 37: Should any adjustment be made to incentive compensation?

POSITIONS

TAMPA ELECTRIC: No. Tampa Electric's incentive compensation programs are an integral part of the company's overall compensation plan and represent reasonable and necessary costs to attract and retain the workforce needed to efficiently and reliably run the company. (Register, Deason)

OPC: Yes. Tampa Electric's 2014 requested performance sharing program (PSP) costs of $5,986,604 should be limited to the 2% safety-related percentage distributed in 2011 and 2012, or $2,548,966. Tampa Electric did not justify the reasonableness of the incremental operational incentives or the plan change. Alternatively, the 2012 historical PSP costs escalated by salary increases could be apportioned on a 50% basis between ratepayers and shareholders. This would reflect an annual expense of $2,292,785. Further, absent evidence that these TECO Energy PSP costs are not tied to TECO Energy's net income, there is no reason why these costs should be allowed in rates. OPC's primary recommendation reflects a reduction to the Company's requested total incentive compensation of $7,823,486 (or $7,818,174 jurisdictional) to allow a 2% incentive on adjusted payroll for safety goals, with no allowance for the TECO Energy allocated PSP costs. The net alternative adjustment for the Tampa Electric PSP and TECO Energy allocation is a reduction to O&M Expense of $8,079,667 ($8,074,181 jurisdictional). The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: Yes, for the reasons set forth by OPC.

FRF: Yes. Tampa Electric's requested 2014 incentive compensation should be reduced by $7,818,174, which will still allow a 2% incentive on adjusted payroll for safety-related goals, with no allowance for TECO Energy allocated profit sharing program (PSP) costs. This amount is jurisdictional, but is subject to further adjustments in jurisdictional separation factors pursuant to the resolution of other issues.

FEA: Yes. Agree with OPC.

HUA: Yes. Tampa Electric's requested increase in Performance Sharing Plan incentive compensation expense is excessive and unjustified. A bottoms-up approach would support a reduction of $5.304 million. Additionally, rejecting the stock compensation expense will save $5.084 million. Kollen Test. 4:9.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 38: Should an adjustment be made to Tampa Electric's requested level of Salaries and Employee Benefits for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: No. Tampa Electric's requested level of Salaries and Employee Benefits for the 2014 projected test year is appropriate and necessary to acquire and retain a qualified workforce. Tampa Electric's level of Salaries and Employee Benefits is at or near the median of employee compensation paid by other regulated utilities. (Register, Deason)

OPC: Yes. The Company's 2014 payroll assumption that an average of 114 additional employees will be required is not reasonable and has not been justified. The proposed additions are dubious because (1) in Tampa Electric's last rate case, Docket No. 080317-EI, the Company's approved increase in the number of employees did not materialize; (2) as of March 31, 2013, the actual employee count was below the projected employee count for March 2013; and (3) the

Company does not provide sufficient support for the additional employees requested. The Company's request should be reduced by 104 positions to a complement of 2,351. This allowance reflects 10 more positions than the actual average for the year ended 2012. The reduction of 104 positions reduces O&M expense by $5,705,698 to a more reasonable expense level of $127,448,302. This is a reduction of $5,701,824 on a jurisdictional basis. Corresponding adjustments to reduce employee benefits by $1,678,721 ($1,679,971 system) should also be made related to OPC's recommended employee disallowance. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: Yes, a downward adjustment should be made.

FRF: Yes. Tampa Electric's requested Salaries and Employee Benefits expense for the 2014 test year should be reduced by $7,381,795 ($5,701,824 in payroll and $1,679,971 in benefits) to reflect the Company's overstated number of employees. This adjustment is particularly appropriate, and necessary, in light of the fact that the Company's projected number of employees in Docket No. 080317-EI did not materialize after the Commission set the Company's rates in that docket.

FEA: Yes. Agree with OPC.

HUA: Yes. Tampa Electric's requested increase in Performance Sharing Plan incentive compensation expense is excessive and unjustified. A bottoms-up approach would support a reduction of $5.304 million. The Commission should consider incentives to encourage Tampa Electric to reduce its common equity ratio and link such savings to PSP incentive compensation. Kollen Test. 4:9, 20:1-23:8.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 38A: Should an adjustment be made to Tampa Electric's requested level stock compensation expense for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: No. The requested level is appropriate and should be approved. (Register, Deason)

OPC: Yes. Employee benefits should be reduced by $9,715,447 ($5,084,200 for Tampa Electric and $4,638,481 allocated from TECO Energy) to remove stock compensation. The plan is discriminatory since it applies only to select executives and is an excessive cost that should not be charged to ratepayers. If allowed, an adjustment should be made to reflect only 63% of the cost should be expensed rather than capitalized, consistent with how other employee benefits are treated.

This results in an expense reduction of $1,881,154. The expense percentage has no impact on the recommended adjustment to remove the allocated amount for TECO Energy's stock compensation. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: Yes. Adopt the position of OPC.

FRF: Yes. Tampa Electric's requested stock compensation expense should be reduced by $9,715,447.

FEA: Yes. Agree with OPC.

HUA: Yes. Tampa Electric's stock compensation expense should be rejected. A bottoms-up approach would support a reduction of $5.084 Million. This expense is incurred to incentivize TECO Energy, Inc. and Tampa Electric's financial performance, not to achieve operational or customer service goals to benefit customers. The expense should be borne by the shareholder, TECO Energy, Inc. Kollen Test. 4:9, 23:13-24:12.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 39: Should an adjustment be made to Pension Expense associated with the Supplemental Executive Retirement Plan for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: No. The Supplemental Executive Retirement Plan is an integral part of the total compensation and benefits expense needed to insure that the company's participating executives are compensated in a manner and at a level consistent with the market. No adjustment should be made. (Register)

OPC: It is the Company's burden to show that its requested pension expense and SERP are reasonable.

FIPUG: Yes, a downward adjustment should be made.

FRF: Agree with Citizens.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 40: Should adjustments be made to the allocated costs and charges with affiliated companies for Tampa Electric?

POSITIONS

TAMPA ELECTRIC: No. The acquisition of NMGC is still pending and uncertain. Therefore, it would not be appropriate for the company to make any adjustment to parent allocation due to the timing and uncertainty of this acquisition. (Chronister)

OPC: Yes. The allocated costs and charges from TECO Energy are substantially higher than historical amounts (16.8% higher than 2012 and 28.8% higher than 2011) due to several reasons:1) the sale of TECO Guatemala; and 2) TECO Energy announced acquisition of New Mexico Gas Company. At a minimum, expenses should be reduced by the $2,900,000 to reflect the projected annual impact of the NMGC acquisition. Additionally, $378,082 of allocated costs should be removed from test year expenses to remove the shifting of costs from other current subsidiaries of TECO Energy to Tampa Electric. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: Yes, a downward adjustment should be made.

FRF: Yes. Test year expenses should be reduced by $3,278,082 to reflect the impact of TECO Energy's acquisition of New Mexico Gas Company ($2,900,000) and additional expenses ($378,082) that were improperly shifted from other TECO Energy subsidiaries to Tampa Electric.

FEA: Yes. Agree with OPC.

HUA: Yes. Affiliate charges should be reduced by a minimum of $2.9 Million to reflect TECO Energy's acquisition of New Mexico Gas Co. In addition, if some of the allocated expenses are direct charged to New Mexico Gas, then this should reduce the allocated charges even further. *See* Kollen Test. 4:9, 25:24-27:12.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 41: Are Tampa Electric's Call Center expenses just and reasonable?

POSITIONS

TAMPA ELECTRIC: Yes. The company's 2014 test year call center expenses and staffing level are just and reasonable and should be approved. (Lewis, Chronister)

OPC: No. Agree with HUA. The Commission should reduce the Company's requested O&M expense by $1.575 million.

FIPUG: No, a downward adjustment of approximately $1.5 million dollars should be made.

FRF: No. The Commission should reduce the Company's requested O&M expenses by $1.575 million for the 2014 test year.

FEA: No. Agree with HUA.

HUA: No. Tampa Electric's Call Center expenses should be reduced by $1.575 Million because evidence has not been provided demonstrating that performance was unacceptable, worse than its historical average, suffered from a lack of staffing, nor that communication tools could not reduce pressure on the Call Center. *See* Kollen Test. 27:14-28:20.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 42: DELETED

ISSUE 43: Should an adjustment be made to the accrual for the Injuries & Damages reserve for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: No. Tampa Electric has properly calculated its accrual for the Injuries & Damages reserve and the level of accrual is appropriate. (Chronister)

OPC: Agree with HUA.

FIPUG: Yes, as recommended by HUA.

FRF: Test year Injuries & Damages expense should be reduced by $1.728 million to reflect normalized recent historic levels.

FEA: Yes. Agree with HUA.

HUA: Yes. The Injuries & Damages expense should be normalized to reflect recent actual experience. *See* Kollen Test. 24:18 – 25:16. As detailed in the direct testimony of Lane Kollen, O&M expenses should be reduced under a bottoms-up approach that would include normalizing Injuries & Damages expense to reflect recent historic levels in the amount of $1.728 million. *See* Kollen Test at 4:4-9.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 44: Should any adjustments be made to Directors and Officers Liability Insurance?

POSITIONS

TAMPA ELECTRIC: No. Directors and Officers Liability Insurance has been properly forecasted for the 2014 projected test year, represents a reasonable cost of doing business and should be fully recovered without any adjustment. (Chronister, Deason)

OPC: Yes. DOL insurance protects officers and directors from claims made stockholder. Ratepayers should not be solely responsible for the cost of protecting shareholders from their own decisions. The $798,546 cost should be shared equally, with a reduction of $398,974 ($399,273 system) to test year expenses. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: Yes, these costs should be split equally between ratepayers and shareholders.

FRF: Yes. Allowable expenses for this cost item to be included in retail customers' rates should be no greater than half of the total amount; thus, the maximum amount to be included in retail customers' rates is no more than $398,974.

FEA: Yes. Agree with OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 45: Should any adjustments be made to Outside Services - Legal Expense?

POSITIONS

TAMPA ELECTRIC: No. Outside Services – Legal Expense has been properly forecasted for the 2014 test year, is a legitimate cost of doing business and should be fully recovered without adjustment. (Chronister)

OPC: Yes. The $520,000 in legal fees included in projected test year expenses for the pending litigation with Verizon regarding pole attachment charges should be removed. These costs are non-recurring and may result in additional revenues being recovered by the Company as a result of the litigation. (Ramas)

FIPUG: Yes.

FRF: Allowable test year expense for outside legal services must be representative of such expenses as they will be incurred over time. At this time, the FRF disputes whether the projected test year expenses are appropriately representative to use as the basis for setting Tampa Electric's rates; of particular concern is the $520,000 per year in ongoing expense for pole attachment litigation with Verizon.

FEA: Yes. Agree with OPC.

HUA: Yes. Tampa Electric proposes to increase legal expenses by $2.254 million to $4.115 million and included in the increase is $0.733 million for the amortization of rate case expenses. *See* Kollen Test. 29:24 – 30:18. Tampa Electric has not justified the remaining increase of $1.521 million. *Id.*

STAFF: No position pending evidence adduced at the hearing.

ISSUE 46: What is the appropriate amount and amortization period for Tampa Electric's rate case expense for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: The appropriate amount for a rate case expense is $2,200,000 and it should be amortized over a three-year period beginning in 2014. (Chronister)

OPC: The requested rate case expense of $2,200,000 is excessive and the 3-year amortization period is too short. The costs associated with PowerPlan ($304,000) and William Slusser ($136,000) for rate case oversight should be removed as unreasonable. The cost of capital consulting fee is excessive and should be reduced by $103,000 to reflect a more reasonable expense of $70,000 for this type of service. Further, rate case legal fees of $1.490 million requested by Tampa Electric are 44.66% higher than the $1.030 million allowed in the last rate case. Legal fees should be reduced by $280,000, to reflect a combined growth and inflation indices applied the prior allowed level. Total rate case expense should be reduced by $823,000 to reflect $1.377 million. Further, the requested 3-year amortization period is too short and allows for potential over recovery of rate case expense. A 5-year amortization period is more appropriate. Using a 5-year amortization period, the annual expense would be $275,000, which reflects a reduction test year amortization expense of $458,000. (Schultz)

FIPUG: TECO's rate case expense should be adjusted downward and amortized over five (5) years.

FRF: The appropriate amount of rate case expenses to be recovered from Tampa Electric's retail customers is $1.377 million, and that amount should be amortized over a 5-year period. Tampa Electric has incurred these expenses in an effort to raise its retail customers' rates by an excessive amount, and accordingly, the Company should bear any excess over this $1.377 million amounts.

FEA: Adopts the position of OPC.

HUA: HUA does not object to the rate case amortization expense.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 47: Should an adjustment be made to Bad Debt Expense for the 2014 projected test year?

POSITIONS

TAMPA ELECTRIC: No. The company's test year level of Bad Debt Expense has been properly calculated, is appropriate and should be approved. (Lewis, Chronister)

OPC: Yes. Uncollectible expense was substantially lower than budgeted in both 2011 and 2012. Tampa Electric has implemented a software system and other actions that have steadily decreased the percentage of bad debt write-offs which should continue into the future. With these changes, using the historic average is not a reasonable method to determine projected bad debt expense. Uncollectible expense and the bad debt rate should be based on the actual 2012 ratio of net write-offs to revenues. Using the 2012 bad debt factor of 0.122%, uncollectible expense should be $2,395,000, which reflects a $1,228,000 reduction for the test year. This factor should also be used in determining the revenue expansion factor addressed in Issue 53. (Ramas)

FIPUG: Yes. TECO's bad debt expense is overstated and should be adjusted downward.

FRF: Yes. Agree with Citizens that the Company's requested level of bad debt expense is overstated and should be reduced by $1.228 million, and further that this adjustment should be tracked through in developing the revenue expansion factor addressed in Issue 53.

FEA: Yes. Agree with OPC.

HUA: Yes. The Bad Debt Expense should be reduced by $1.302 million. Tampa Electric has provided no empirical evidence that the expense will revert to historical levels, especially given that a new credit and collections system was implemented in 2011. *See* Kollen Test. 4:9, 29:1-18.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 48: Is Tampa Electric's requested level of O&M Expense in the amount of \$363,832,000 (\$364,130,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric has properly forecasted this amount of O&M Expense and it is appropriate for the 2014 projected test year. (Gillette, Chronister, Hornick, Young, Register, and Lewis)

OPC: No. The amount should reflect the adjustments recommended by OPC in the proceeding. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: No. Downward adjustments are warranted.

FRF: No. The amount of O&M expenses to be allowed in setting the Company's rates should be reduced by the amounts stated in the foregoing issues.

FEA: No. The level of O&M expense should be adjusted for the issues supported by the FEA.

HUA: No. O&M expenses averaged annual growth of 2.1% from 1995 to 2007, and 0.2% from 2008 through 2012. *See* Exhibit No. RAB-7, p. 22. Tampa Electric's claimed revenue requirement should be reduced by at least \$40.898 million to reflect reduced O&M expenses to a just and reasonable amount. Kollen Test. 3:10-12.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 49: What is the appropriate amount of depreciation and fossil dismantlement expense?

POSITIONS

TAMPA ELECTRIC: The appropriate amount of depreciation and fossil dismantlement expense for the 2014 projected test year is \$233,881,000 (\$234,178,000 system). (Chronister)

OPC: The appropriate amount of depreciation expense is $226,551,000 on a jurisdictional basis. Adjustments are appropriate to reduce amortization expense by $6,190,000 as addressed in Issue 10 to reflect a 15-year amortization period for all software systems recorded in Account 303. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Pous, Ramas)

FIPUG: Adopt position of OPC.

FRF: The appropriate amount of depreciation expense is $226,551,000, and an adjustment of $6,190,000 should be made to amortization expense to reflect a 15-year amortization period for software systems. These amounts are subject to further adjustments in the jurisdictional separation factors pursuant to the resolution of other issues.

FEA: Adopts the position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 50: Should an adjustment be made to Taxes Other Than Income Taxes for the 2014 projected test year? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: No. The appropriate amount is $65,789,000 ($65,885,000 system). (Chronister)

OPC: Yes. Adjustments are appropriate to reduce payroll taxes by $430,164 ($430,530 jurisdictional) associated with OPC's recommended adjustment to salaries. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Schultz, Ramas)

FIPUG: A downward adjustment to payroll taxes should be made.

FRF: Yes. Payroll taxes should be reduced by $430,164 (retail) to reflect the reduction in salaries recommended by the Citizens' witnesses.

FEA: Yes. Agree with OPC.

HUA: Yes. An adjustment should be made associated with the adjustments made to compensation.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 51: Should an adjustment be made to Income Tax expense for the 2014 projected test year? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: No. The appropriate amount is $77,391,000 ($77,506,000 system). (Chronister)

OPC: Yes. Adjustments are appropriate to reduce income taxes associated with OPC's recommended adjustment to rate base and operating expenses. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: Yes, as suggested by OPC.

FRF: Yes. Income tax expense should be adjusted to reflect the adjustments to expenses and revenues recommended by witnesses for the FRF, Citizens, FIPUG, and FEA, subject also to appropriate jurisdictional separation factors and interest synchronization adjustment.

FEA: Yes. Income tax expense should be calculated consistent with issues supported by the FEA.

HUA: Yes. The income tax expense should be modified to reflect changes in the return on equity, rate base, and operating expenses.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 52: Is Tampa Electric's projected Net Operating Income in the amount of $209,901,000 ($210,244,000 system) for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric's projected Net Operating Income for the 2014 projected test year is appropriate. (Chronister)

OPC: No. The amount should reflect the adjustments recommended by OPC in the proceeding. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: No.

FRF: No. The Company's NOI should be adjusted to reflect the recommendations of witnesses for the Citizens, the FRF, FIPUG, FEA, and the HUA.

FEA: No. Net Operating Income should reflect the issues supported by FEA.

HUA: No. Net operating income will be modified based on adjustments to revenues and expenses.

STAFF: No position pending evidence adduced at the hearing.

REVENUE REQUIREMENTS

ISSUE 53: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates, for Tampa Electric?

POSITIONS

TAMPA ELECTRIC: The appropriate revenue expansion factor for the 2014 projected test year is 0.61267 and the appropriate net operating income multiplier for the 2014 projected test year is 1.63220, as shown on MFR Schedule C-44. (Chronister)

OPC: The Company's revenue expansion factor should be adjusted to reflect the 2012 bad debt factor of 0.122% addressed in Issue 47. The appropriate revenue expansion factor is 1.63117. (Ramas)

FIPUG: Adopt position of OPC.

FRF: The appropriate revenue expansion factor is 1.63117.

FEA: Adopts the position of OPC.

HUA: Adopts position of OPC.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 54: Is Tampa Electric's requested annual operating revenue increase of $134,841,000 for the 2014 projected test year appropriate? (FALLOUT)

POSITIONS

TAMPA ELECTRIC: Yes. Tampa Electric's requested annual operating revenue increase for the 2014 projected test year is appropriate. (Chronister, Gillette)

OPC: No. The amount should reflect the adjustments recommended by OPC in the proceeding. Based on OPC's primary recommendation, annual operating revenues should be decreased by $6,058,000. Based on OPC's alternative recommendation, annual operating revenues should be decreased by $290,000. The jurisdictional amount is subject to the appropriate jurisdictional separation factors addressed in Issue 6. (Ramas)

FIPUG: No, Tampa Electric's requested annual operation revenue should be substantially reduced in accord with the evidence in this case.

FRF: No. Tampa Electric's base rate revenues should be reduced by approximately $6 million on an annual basis.

FEA: Tampa Electric's operating revenue increase should be reduced by a minimum of $88 Million. This figure does not include recognition of other parties' adjustments which the FEA support.

HUA: No. The Commission should reduce Tampa Electric's claimed revenue requirement by $40.898 million to reflect a reduction in O&M expense to a just and reasonable amount, moreover, further reduction by $58.375 million is necessary to reflect the 9.30% ROE supported by Mr. Baudino. *See* Kollen Test. 3:10-12, 32:20-22.

STAFF: No position pending evidence adduced at the hearing.

COST OF SERVICE AND RATES

ISSUE 55: Should Tampa Electric's proposed Minimum Distribution System ("MDS") costing method be approved?

POSITIONS

TAMPA ELECTRIC: Yes. The MDS method is described in the NARUC Cost Allocation Manual and was accepted by the Commission in the settlement of rate and cost of service matters in Gulf Power Company's 2011 base rate proceeding. This method appropriately and equitably assigns connection related costs to each customer class. (Ashburn)

OPC: No position.

FIPUG: Yes. TECO's proposal to classify a portion of the distribution network investment as customer-related should be adopted. This is consistent with accepted practice. Further, the results of TECO's minimum distribution system (MDS) method are reasonable relative to other utilities that use MDS or other methods to determine the customer-related portion of distribution network costs.

FRF: No position.

FEA: The MDS costing method should be approved.

HUA: Yes. MDS methodology is appropriate to classify and allocate distribution function costs because it recognizes the cost causation/cost responsibility principle. *See* Baron Test. 5:15-22. Certain distribution costs are incurred due to the presence of a customer on the system, regardless of the level of demand. MDS methodology recognizes this link.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 56: What is the appropriate Cost of Service Methodology to be used to allocate production costs to the rate classes?

POSITIONS

TAMPA ELECTRIC: The appropriate retail Cost of Service Methodology is the 12 Coincident peak and 50 Percent Average Demand ("12 CP and 50 Percent AD"). This methodology provides an appropriate classification and allocation of production plant to rate classes reflecting how power plants are planned and operated. (Ashburn)

The use of 50 Percent AD rather than the 1/13th (or about 8 percent) AD better reflects cost causation. Investment in more expensive generating units to provide more efficient fuel conversion for the generation of electricity drives the need to use a greater energy allocation percentage. The 50 Percent AD provides a balance between the inadequate 1/13th (8 percent) method and the too high Equivalent Peaker method (over 70 percent).

OPC: No position.

FIPUG: The Commission should adopt 12CP-1/13thAD for TECO, just as it has adopted this method for Duke, FPL and Gulf. Alternatively, if the Commission determines that no change is appropriate, it should retain 12CP-25%AD, which was approved in TECO's last rate case. TECO has failed to support changing the production plant allocation method to 12CP-50%AD as it proposes.

FRF: No position.

FEA: FEA supports the use of a 12-CP and 1/13 average demand methodology to allocate production costs to the rate classes.

HUA: The appropriate method for allocating production plant under strict cost causation is either a winter or a combined winter/summer coincident peak allocator. Previously, the Commission has adopted a 12 CP and 1/13th AD class cost of service study. Either option is superior to Tampa Electric's proposal. *See* Baron Test. 7-14.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 57: What is the appropriate Cost of Service Methodology to be used to allocate transmission costs to the rate classes?

POSITIONS

TAMPA ELECTRIC: The appropriate Cost of Service Methodology to be used to allocate transmission costs to the rate classes is the 12 coincident peak (12 CP) methodology. (Ashburn)

OPC: No position.

FIPUG: Adopt the position of TECO.

FRF: No position.

FEA: Adopts the position of HUA.

HUA: Transmission plant should be appropriately allocated on either a winter CP, an average summer/winter CP, or on a 12 CP basis. *See* Baron Test. 6:5-9. Tampa Electric has presented a 12 CP methodology to allocate transmission.

STAFF: Transmission costs should be allocated to the rate classes on a 12 Coincident Peak (CP) basis.

ISSUE 58: How should any change in the revenue requirement approved by the Commission be allocated among the customer classes?

POSITIONS

TAMPA ELECTRIC: The appropriate allocation of any change, after recognizing any additional revenues realized in other operating revenues, should track, to the extent practicable, each class's revenue deficiency as determined from Tampa Electric's proposed 12 CP and 50 Percent AD cost of service study. (Ashburn)

OPC: No position.

FIPUG: Revenues should be aligned to reflect the cost of serving each customer class as closely as practicable, using a reasonable class cost-of-service study. IS class revenues should not be increased as TECO proposes.

FRF: Any increase or decrease in base rate revenues should be allocated across-the-board in proportion to base rate revenues.

FEA: Adopts the position of HUA.

HUA: The revenue requirement should be allocated based on the results of the 12 CP & $1/13^{th}$ AD + MDS method so that existing rate parities are eliminated, subject to the limitation that no class receives an increase greater than 150% of the average and no class receives a rate decrease. *See* Baron Test. 8.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 59: What is the appropriate treatment of the IS schedules?

POSITIONS

TAMPA ELECTRIC: The closed interruptible rate schedules IS should be eliminated and existing customers on those rate schedules should be transferred to the appropriate GSD rate schedule and continue to participate in the company's GSLM-2 or GSLM-3 riders. (Ashburn)

OPC: No position.

FIPUG: TECO's proposal to consolidate the GSD and IS rate classes (and eliminate the IS rate schedules) should be rejected. The GSD and IS rates classes are not homogeneous. This means that GSD and IS should have different rate structures to reflect the corresponding differences in their respective costs to serve. Consolidating the GSD and IS classes would be grossly inequitable to the IS customers. This is because the IS customers would experience an double digit base rate increase under TECO's consolidation proposal.

FRF: These rate schedules should not be eliminated. No position on design of the rates.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 60: Should TECO's proposal to reinstitute the Commercial/Industrial Service Rider (CISR) tariff be approved?

POSITIONS

TAMPA ELECTRIC: Yes. The CISR tariff serves as an economic development mechanism used to attract new load or retain existing commercial or industrial load. Reinstating the CISR will provide a tool to attract or retain commercial or industrial load for the benefit of all of the company's customers. (Ashburn)

OPC: No position.

FIPUG: No.

FRF: Yes.

FEA: No position.

HUA: No position.

STAFF: Yes.

ISSUE 61: Should the "Transformer Ownership Discount" be renamed the "Delivery Voltage Credit" and should the credits provided reflect full avoided distribution costs?

POSITIONS

TAMPA ELECTRIC: Yes. The proposed name better reflects the billing adjustment proposed which is to reflect full avoided distribution costs. (Ashburn)

OPC: No position.

FIPUG: If the IS rate schedules are eliminated, the Delivery Voltage Credit for Sub-Transmission service should be $0.53 per kW higher than the credit proposed by TECO. Because the IS class takes service primarily at sub-transmission voltage, raising the credit by an additional $0.53 would help mitigate the higher rates that would result from the GSD-IS class consolidation.

FRF: No position on the name of this discount/credit factor. As stated on Issue 61A, if the existing transformer ownership credits are demonstrably cost-based at their present levels, they should not be changed. If they are to be changed, they should either be set at demonstrable, specific cost-based levels, or they should be set by starting with the existing charges, adjusted proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 61A: What are the appropriate transformer ownership credits?

POSITIONS

TAMPA ELECTRIC: The transformer ownership credits should be renamed to Delivery Voltage Adjustments. The appropriate Delivery Voltage Credits are listed below.

GSD/ GSDT Standard Primary	0.80 $/kW
GSD/GSDT Standard Subtransmission	2.50 $/kW
GSDGST Optional Primary	2.13 $/MWh
GSD Optional Subtransmission	6.53 $/MWh
GSDT Primary	0.80 $/kW
GSDT Subtransmission	2.50 $/kW
SBF Supplemental Primary	0.80 $/kW
SBF Supplemental Subtransmission	2.50 $/kW
SBF Standby Primary	0.67 $/kW
SBF Standby Subtransmission	2.08 $/kW
SBFT Supplemental Primary	0.80 $/kW
SBFT Supplemental Subtransmission	2.50 $/kW
SBFT Standby Primary	0.67 $/kW
SBFT Standby Subtransmission	2.08 $/kW

(Ashburn)

OPC: No position.

FIPUG: Adopt position of FRF.

FRF: If the existing transformer ownership credits are demonstrably cost-based at their present levels, they should not be changed. If they are to be changed, they should either be set at demonstrable, specific cost-based levels, or they should be set by starting with the existing charges, and adjusting them proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding. No position on whether these credits or discounts should be renamed.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 62: What are the appropriate service charges (normal reconnect, same day reconnect, reconnect at meter/pole, field visit, tampering charge, temporary service charge)?

POSITIONS

TAMPA ELECTRIC: The appropriate service charges are listed below.

Normal Reconnect Subsequent Subscriber	$ 28.00
Same Day Reconnect	$ 75.00
Reconnect after Disconnect at Meter for Cause	$ 55.00
Reconnect after Disconnect at Pole for Cause	$ 165.00
Field Visit	$ 25.00
Tampering Charge without Investigation	$ 55.00
Temporary Service Charge	$ 260.00

The application of the field visit charge should be expanded to situations involving customer failure to keep customer-scheduled appointments and customer failure to have the premises in a state of readiness when the company arrives to do work requested by the customer. (Ashburn)

OPC: No position.

FIPUG: Adopt position of FRF.

FRF: If the existing service charges are demonstrably cost-based at their present levels, they should not be changed. If they are to be changed, they should either be set at demonstrable, specific cost-based levels, or they should be set by starting with the existing charges, adjusted proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding.

FEA: No position.

HUA: No position.

STAFF:

Normal Reconnect Subsequent Subscriber	$28.00
Same Day Reconnect	$75.00
Reconnect after Disconnect at Meter for Cause	$55.00
Reconnect after Disconnect at Pole for Cause	$165.00
Field Visit Charge	$25.00
Tampering Charge without Investigation	$55.00
Temporary Service Charge	$260.00

The change of the name of the Field Credit Visit charge to the Field Visit charge should be approved. The increased application of the charge to customers who do not meet the scheduled appointment time, or have requested service and at the time of the appointment have not prepared the premises for work, should also be approved.

ISSUE 63: What is the appropriate emergency relay power supply charge?

POSITIONS

TAMPA ELECTRIC: The appropriate emergency relay service charges are listed below

GS	0.170 ¢/kWh
GSD Standard (all delivery voltages)	0.66 $/kW
GSD Optional (all delivery voltages)	0.66 $/kW
GSD Time-of-Day Billing (all delivery voltages)	0.66 $/kW
SBF Supplemental (all delivery voltages)	0.66 $/kW
SBF Standby (all delivery voltages)	0.66 $/kW
SBFT Supplemental (all delivery voltages)	0.66 $/kW
SBFT Standby (all delivery voltages)	0.66 $/kW

(Ashburn)

OPC: No position.

FIPUG: The existing emergency relay service charges should either remain unchanged or be reduced and not be increased as TECO proposes.

FRF: The emergency relay power supply charge should be cost-based. No position as to the level of the charge.

FEA: Adopts the position of Staff.

HUA: Adopt position of Staff.

STAFF: The calculation of the emergency relay power charges is shown in MFR Schedule E-14, page 101 of 106. The charges should be recalculated to reflect any applicable decisions in prior issues.

ISSUE 64: What are the appropriate contributions-in-aid for time-of-use rate customers opting to make a lump sum payment for a time-of-use meter in lieu of a higher time-of-use customer charge?

POSITIONS

TAMPA ELECTRIC: The appropriate contributions-in-aid for time-of-use rate customers opting to make a lump sum payment for a time-of-use meter in lieu of a higher time-of-use customer charge are $94.00 for the GST rate schedule and $0 for the GSDT rate schedule. (Ashburn)

OPC: No position.

FIPUG: No position.

FRF: The CIAC should be cost-based. No position as to the level of the CIAC.

FEA: No position.

HUA: No position.

STAFF: The appropriate contributions in aid for time of use rate customers opting to make a lump sum payment for a time-of-use meter in lieu of a higher time-of-use customer charge are $94 for the GST rate schedule.

ISSUE 65: What changes in allocation and rate design should be made to Tampa Electric's rates established in Docket Nos. 130001-EI, 130002-EG, and 130007-EI to recognize the decisions in various cost of service rate design issues in this docket?

POSITIONS

TAMPA ELECTRIC: The changes proposed by Tampa Electric regarding cost of service allocation and rate design should be made to Tampa Electric's rates established in the identified dockets to recognize decisions in this docket. Recovery factors for the cost recovery clauses must be revised when the base rate changes in this proceeding go into effect, as was proposed in the identified dockets. (Ashburn)

OPC: No position.

FIPUG: The Commission should adopt 12CP-1/13thAD for TECO, just as it has adopted this method for Duke, FPL and Gulf. Alternatively, if the Commission determines that no change is appropriate, it should retain 12CP-25%AD, which was approved in TECO's last rate case. TECO has failed to support changing the production plant allocation method to 12CP-50%AD as it proposes.

FRF: No position.

FEA: The Commission should adopt a 12 CP 1/13th AD + MDS method.

HUA: *See* HUA's positions regarding Issue Nos. 56, 57, 58 and 68. The revenue requirement should be allocated based on the results of the 12 CP & 1/13th AD + MDS method so that existing rate parities are eliminated, subject to the limitation that no class receives an increase greater than 150% of the average and no class receives a rate decrease. *See* Baron Test. 8.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 66: What are the appropriate monthly rental factors and termination factors to be approved for the Facilities Rental Agreement, Appendix A?

POSITIONS

TAMPA ELECTRIC: The tariff incudes a Facilities Rental Agreement with monthly rental factors and annual termination factors applicable to facilities Tampa Electric may agree to lease to customers. The appropriate monthly rental factors and termination factors to be approved are listed below.

Monthly Rental Factor	1.19 %
Termination Factors:	
Year 1	3.9%
Year 2	7.5%
Year 3	10.8%
Year 4	13.8%
Year 5	16.4%
Year 6	18.7%
Year 7	20.6%
Year 8	22.1%
Year 9	23.3%
Year 10	24.0%
Year 11	24.3%
Year 12	24.1%

Year 13	23.4%
Year 14	22.1%
Year 15	20.2%
Year 16	17.7%
Year 17	14.5%
Year 18	10.5%
Year 19	5.7%
Year 20	0.0%

(Ashburn)

OPC: No position.

FIPUG: The charges should be recalculated based on decisions in prior issues.

FRF: The monthly rental factors and termination factors should be cost-based. No position as to the values of those factors.

FEA: No position.

HUA: No position.

STAFF: The calculation of the monthly rental factors and termination factors is shown in MFR Schedule E-14, pages 105 and 106. The charges should be recalculated to reflect any applicable decisions in prior issues.

ISSUE 67: What are the appropriate customer charges and should "customer charge" be renamed "basic service charge"?

POSITIONS

TAMPA ELECTRIC: "Customer charge" should be renamed "basic service charge", and the appropriate basic service charges are as follows:

RS Standard	15.00 $/bill
RSVP	15.00 $/bill
GS Standard	18.00 $/bill
GS Standard – Unmetered	15.00 $/bill
GS Time-of-Day	20.00 $/bill
TS Standard	18.00 $/bill
Metered Lighting	15.00 $/bill
GSD Standard Secondary	30.00 $/bill
GSD Standard Primary	130.00 $/bill
GSD Subtransmission	990.00 $/bill

GSD Optional Secondary	30.00 $/bill
GSD Optional Primary	130.00 $/bill
GSD Optional Subtransmission	990.00 $/bill
GSD Time-of-Day Secondary	30.00 $/bill
GSD Time-of-Day Primary	130.00 $/bill
GSD Time-of-Day Subtransmission	990.00 $/bill
SBF Standard Secondary	55.00 $/bill
SBF Standard Primary	155.00 $/bill
SBF Standard Subtransmission	1,015.00 $/bill
SBF Time-of-Day Secondary	55.00 $/bill
SBF Time-of-Day Primary	155.00 $/bill
SBF Time-of-Day Subtransmission	1,015.00 $/bill

(Ashburn)

OPC: No position.

FIPUG: Rate design is a continuation of the cost allocation process. Thus, properly designed rates should track cost causation as defined in the class cost-of-service study. This means that Customer (or Basic) charges should reflect customer-related costs, Demand charges should reflect demand-related costs, and Energy charges should reflect energy-related costs. For the IS class, the Basic Service Charges should be $520 per month for Primary service and $2,150 for Sub-Transmission service, including IS equipment costs.

FRF: The appropriate customer charges are the existing charges, adjusted proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding. The FRF does not object to renaming the charge as proposed by the Company.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 68: What are the appropriate demand charges?

POSITIONS

TAMPA ELECTRIC: The appropriate demand charges are listed below.

GSD/GSD Optional/GSDT (all delivery voltages)	
GSD Standard	9.50 $/kW
GSD Optional	N/A
GSDT Billing	3.23 $/kW
GSDT Peak	6.27 $/kW
SBF/SBFT Supplemental (all delivery voltages)	
SBF Standard	9.50 $/kW
SBFT Billing	3.23 $/kW
SBFT Peak	6.27 $/kW

(Ashburn)

OPC: No position.

FIPUG: For the IS rate schedules, the standard Demand charge should be at least $5.19 per kW. For the GSD rate schedules, the Demand charges should be increased as necessary to recover the revenue requirement not otherwise recovered by setting the Basic Service charges at cost and retaining the current Energy charges.

FRF: The appropriate demand charges are the existing charges, adjusted proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding.

FEA: Agree with HUA.

HUA: The proposed GSD/GSDT rate design is unjust and unreasonable because it proposes an on-peak GSDT energy charge that is more than four times the unit cost of service. The appropriate charges for GSD/GSDT should be based on the methodology set forth in Mr. Baron's Exhibit No. SJB-7.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 69: What are the appropriate energy charges?

POSITIONS

TAMPA ELECTRIC: The appropriate energy charges are listed below.

RS Standard First 1,000 kWh	5.078 ¢/kWh
RS Standard All Additional kWh	6.078 ¢/kWh
RSVP All Periods	5.390 ¢/kWh
GS Standard	5.390 ¢/kWh
GST On-Peak	14.384 ¢/kWh
GST Off-Peak	0.960 ¢/kWh
TS Standard	5.390 ¢/kWh
Lighting	3.243 ¢/kWh
GSD Standard	1.829 ¢/kWh
GSD Optional	6.468 ¢/kWh
GSDT On-Peak	3.999 ¢/kWh
GSDT Off-Peak	0.960 ¢/kWh
SBF Supplemental Energy Standard	1.829 ¢/kWh
SBFT Supplemental Energy, On-Peak	3.999 ¢/kWh
SBFT Supplemental Energy, Off-Peak	0.960 ¢/kWh

(Ashburn)

OPC: No position.

FIPUG: The current IS Energy charge is more than 166% above cost. The current IS Demand charge is 81% below cost. Consequently, if the IS class is retained, the Energy charge should be reduced by at least 25% or no higher than 1.878¢ per kWh. The current GSD Energy charges are already above cost. The proposed charge would be 91% higher than the unit cost. Thus, any increase in Energy charges is unwarranted. This includes TECO's proposal to raise the On-Peak Energy charge by 38%. Not only is this increase contrary to cost-based ratemaking, it would violate gradualism.

FRF: The appropriate energy charges are the existing charges, adjusted proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding.

FEA: Agree with HUA.

HUA: The appropriate energy charges for GSD/GSDT should be based on the methodology set forth in Mr. Baron's Exhibit No. SJB-7. Energy charges should be set at the unit cost of service, and then demand charges may be used to meet the rate class targets.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 70: What are the appropriate lighting charges?

POSITIONS

TAMPA ELECTRIC: The lighting schedule and associated charges, terms and conditions, as proposed by Tampa Electric in MFR Schedule E-14, should be approved. Tampa Electric proposes to increase the lighting energy rate and to maintain the existing lighting facilities and maintenance rates. (Ashburn)

OPC: No position.

FIPUG: Adopt position of FRF.

FRF: The appropriate lighting charges are the existing charges, adjusted proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding.

FEA: No position.

HUA: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 71: What are the appropriate Standby Charges?

POSITIONS

TAMPA ELECTRIC: Standby Service charges are designed in accordance with the Commission's prescribed methodology. The appropriate Standby Service changes are listed below.

SBF/SBFT Standby Charges (all delivery voltages)	
SBF Local Facilities Reservation plus greater of	2.08 $/kW
SBF Power Supply Reservation	1.64 $kW-Mo.
SBF Power Supply Demand	0.65 $/kW-Day
SBF Standby Energy	0.960 ¢/kWh
SBFT Local Facilities Reservation plus greater of	2.08 $/kW
SBFT Power Supply Reservation	1.64 $/kW-Mo
SBFT Power Supply Demand	0.65 $kW-Day
SBFT Standby Energy	0.960 ¢/kWh

(Ashburn)

OPC: No position.

FIPUG: Adopt position of FRF.

FRF: The appropriate charges for Standby Service are the existing charges, adjusted proportionally to any increase or decrease in base rate revenues approved by the Commission in this proceeding.

FEA: Agree with HUA.

HUA: The charges should be recalculated to reflect any applicable decisions in prior issues.

STAFF: No position pending evidence adduced at the hearing.

OTHER

ISSUE 72: What is the appropriate effective date for Tampa Electric's revised rates and charges?

POSITIONS

TAMPA ELECTRIC: The appropriate effective date for the rates and charges established in this proceeding is the date of the meter readings for the first billing cycle of January 2014. (Ashburn, Chronister)

OPC: No position.

FIPUG: No position.

FRF: The appropriate effective date for any revised rates and charges is for bills rendered on or after the thirtieth day following the date of the Commission's vote.

FEA: No position.

HUA: January 1, 2014.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 73: Should Tampa Electric be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case.

POSITIONS

TAMPA ELECTRIC: Yes. (Ashburn, Chronister)

OPC: Yes.

FIPUG: Yes.

FRF: Yes.

FEA: Yes.

HUA: Yes.

STAFF: Yes.

ISSUE 74: Should this docket be closed?

POSITIONS

TAMPA ELECTRIC: The docket should be closed 32 days after issuance of the order, to allow the time for filing an appeal to run.

OPC: No.

FIPUG: Yes after a final decision is reached.

FRF: Agree with Staff, provided that the docket should remain open during the pendency of any appeal.

FEA: No.

HUA: No.

STAFF: The docket should be closed 32 days after issuance of the order, to allow the time for filing an appeal to run.

IX. EXHIBIT LIST

Witness	Proffered By	Description
Direct		
Gordon L. Gillette, Karen Lewis	Tampa Electric	Composite Notice Exhibit
William R. Ashburn, Jeffrey S. Chronister	Tampa Electric	MFR Schedule A – Executive Summary
William R. Ashburn, J. Brent Caldwell, Sandra W. Callahan, Edsel L. Carlson, Jr., Jeffrey S. Chronister, Mark J. Hornick, S. Beth Young	Tampa Electric	MFR Schedule B – Rate Base
William R. Ashburn, Jeffrey S. Chronister, Lorraine L. Cifuentes	Tampa Electric	MFR Schedule C – Net Operating Income
Sandra W. Callahan, Jeffrey S. Chronister	Tampa Electric	MFR Schedule D – Cost of Capital
William R. Ashburn, Lorraine L. Cifuentes, Jeffrey S. Chronister	Tampa Electric	MFR Schedule E – Cost of Service and Rate Design
William R. Ashburn	Tampa Electric	MFR Schedule E – Rate Schedules, Jurisdictional Separation Study, Class Cost of Service Studies and Lighting Incremental Cost Study (Volumes I, II and III)
William R. Ashburn, J. Brent Caldwell, Sandra W. Callahan, Jeffrey S. Chronister, Lorraine L. Cifuentes, Gordon L. Gillette, Mark J. Hornick, Brad J. Register, S. Beth Young	Tampa Electric	MFR Schedule F – Miscellaneous (Volumes 1, II, III, IV and V)

Witness	Proffered By		Description
Gordon L. Gillette	Tampa Electric	GLG-1	List of Witnesses and Purpose of their Testimony
Sandra W. Callahan	Tampa Electric	SWC-1	Composite Exhibit Direct
Robert B. Hevert	Tampa Electric	RBH-1	Composite Exhibit Direct
Lorraine L. Cifuentes	Tampa Electric	LLC-1	Composite Exhibit Direct
Eric Fox	Tampa Electric	EF-1	Composite Exhibit Direct
Mark J. Hornick	Tampa Electric	MJH-1	Composite Exhibit Direct
J. Brent Caldwell	Tampa Electric	JBC-1	Composite Exhibit Direct
S. Beth Young	Tampa Electric	SBY-1	Composite Exhibit Direct
Brad J. Register	Tampa Electric	BJR-1	Composite Exhibit Direct
Steven P. Harris	Tampa Electric	SPH-1	Composite Exhibit Direct
Edsel L. Carlson, Jr.	Tampa Electric	ELC-1	Composite Exhibit Direct
Jeffrey S. Chronister	Tampa Electric	JSC-1	Composite Exhibit Direct
William R. Ashburn	Tampa Electric	WRA-1	Composite Exhibit Direct

Witness	Proffered By		Description
Kevin W. O'Donnell	OPC	KWO-1	Company Requested Capital Structure
Kevin W. O'Donnell	OPC	KWO-2	TECO and Tampa Electric 2012 Capital Structure Comparison
Kevin W. O'Donnell	OPC	KWO-3	Equity Balances of TECO Energy and Subsidiaries
Kevin W. O'Donnell	OPC	KWO-4	Tampa Electric Equity Ratios
Kevin W. O'Donnell	OPC	KWO-5	Subsidiary Capital Structure Comparison
Kevin W. O'Donnell	OPC	KWO-6	Tampa Electric Dividends to TECO Energy
Kevin W. O'Donnell	OPC	KWO-7	Authorized Equity Ratios
Kevin W. O'Donnell	OPC	KWO-8	Authorized Equity Ratios and ROEs
Kevin W. O'Donnell	OPC	KWO-9	OPC Capital Structure Recommendation
Kevin W. O'Donnell	OPC	KWO-10	Credit Rating Criteria
Kevin W. O'Donnell	OPC	KWO-11	OPC Recommendation on Credit Metrics
Kevin W. O'Donnell	OPC	KWO-12	O'Donnell CV
J. Randall Woolridge	OPC	JRW-1	Recommended Return on Equity

Witness	Proffered By		Description
J. Randall Woolridge	OPC	JRW-2	Interest Rates
J. Randall Woolridge	OPC	JRW-3	Changes in Capital Costs
J. Randall Woolridge	OPC	JRW-4	Summary Financial Statistics for Proxy Groups
J. Randall Woolridge	OPC	JRW-5	Capital Structure Ratios
J. Randall Woolridge	OPC	JRW-6	The Relationship Between Estimated ROE and Market-to-Book Ratios
J. Randall Woolridge	OPC	JRW-7	Utility Capital Cost Indicators
J. Randall Woolridge	OPC	JRW-8	Industry Average Betas
J. Randall Woolridge	OPC	JRW-9	DCF Model
J. Randall Woolridge	OPC	JRW-10	DCF Study
J. Randall Woolridge	OPC	JRW-11	CAPM Study
J. Randall Woolridge	OPC	JRW-12	Summary of Tampa Electric's Cost of Capital
J. Randall Woolridge	OPC	JRW-13	Summary of Tampa Electric's Company's ROE Results
J. Randall Woolridge	OPC	JRW-14	GDP and S&P 500 Growth Rates

Witness	Proffered By		Description
J. Randall Woolridge	OPC	JRW-15	The VIX and the Market Risk Premium
J. Randall Woolridge	OPC	JRW-16	Appendix A - Qualifications and Experience Appendix B - EPS Growth Rate Forecast Appendix C - Building Blocks Equity Risk Premium
Jacob Pous	OPC	JP-1	Jacob Pous Resume
Jacob Pous	OPC	JP-2	Jacob Pous Workpapers
Helmuth W. Schultz III	OPC	HWS-1	Qualifications and Experience
Helmuth W. Schultz III	OPC	HWS-2	HWS Schedules - C1-C8
Donna Ramas	OPC	DMR-1	Qualifications of Donna Ramas
Donna Ramas	OPC	DMR-2	OPC Primary Recommendation Schedules - A-1, A-2, B-1, C-1, C-2, C-3, C-4, C-5, C-6 and D
Donna Ramas	OPC	DMR-3	OPC Alternative Recommendation Schedules and Calculations
Jeffry Pollock	FIPUG	JP-1	GSD-IS Load Usage and Class Service Characteristics
Jeffry Pollock	FIPUG	JP-2	Cost Allocation with 12CP - 50%
Jeffry Pollock	FIPUG	JP-3	Operating Hours - TECO Peaker Units

Witness	Proffered By		Description
Jeffry Pollock	FIPUG	JP-4	Load Analysis; Monthly TECO Peaks
Jeffry Pollock	FIPUG	JP-5	Reserve Margin % Peak Demand
Jeffry Pollock	FIPUG	JP-6	Classification and Allocation of Distribution Plant
Jeffry Pollock	FIPUG	JP-7	Utilities that Classify Portion of Distribution Network as Customer Related
Jeffry Pollock	FIPUG	JP-8	MDS Customer Classification
Jeffry Pollock	FIPUG	JP-9	Adjustment to Production O&M expense
Jeffry Pollock	FIPUG	JP-10	TECO Historical Storm Damage Expense
Steve W. Chriss	FRF	SWC-1	Witness Qualifications Statement
Steve W. Chriss	FRF	SWC-2	Calculation of Test Year Jurisdictional Revenues Collected through Base Rates
Steve W. Chriss	FRF	SWC-3	Reported Authorized Returns on Equity, Electric Utility Rates Cases Completed in 2012 and 2013
Michael Gorman	FEA	App A	Qualifications of Michael P. Gorman
Michael Gorman	FEA	MPG-1	Rate of Return

Witness	Proffered By		Description
Michael Gorman	FEA	MPG-2	Proxy Group
Michael Gorman	FEA	MPG-3	Consensus Analysts' Growth Rates
Michael Gorman	FEA	MPG-4	Consensus Analysts' Constant Growth DCF
Michael Gorman	FEA	MPG-5	Payout Ratios
Michael Gorman	FEA	MPG-6	Sustainable Growth Rate
Michael Gorman	FEA	MPG-7	Sustainable Growth Rate Constant Growth DCF
Michael Gorman	FEA	MPG-8	Electricity Sales Are Linked to US Economic Growth
Michael Gorman	FEA	MPG-9	Multi-Stage Growth DCF Model
Michael Gorman	FEA	MPG-10	Common Stock Market/Book Ratio
Michael Gorman	FEA	MPG-11	Equity Risk Premium-Treasury Bond
Michael Gorman	FEA	MPG-12	Equity Risk Premium-Utility Bond
Michael Gorman	FEA	MPG-13	Bond Yield Spreads
Michael Gorman	FEA	MPG-14	Treasury & Utility Bond Yields

Witness	Proffered By		Description
Michael Gorman	FEA	MPG-15	Value Line Beta
Michael Gorman	FEA	MPG-16	CAPM Return
Michael Gorman	FEA	MPG-17	Standard and Poor's Credit Metrics
Michael Gorman	FEA	MPG-18	Hevert Revised Constant Growth DCF Analysis
Michael Gorman	FEA	MPG-19	Hevert Constant Growth DCF Analysis
Michael Gorman	FEA	MPG-20	Hevert Multi-Stage Growth DCF Analysis
Michael Gorman	FEA	MPG-21	Valuation Metrics
Michael Gorman	FEA	MPG-22	Residential Sales Revenue Adjustment
Richard A. Baudino	HUA	RAB-1	Resume of Richard A. Baudino
Richard A. Baudino	HUA	RAB-2	Historical Bond Yields
Richard A. Baudino	HUA	RAB-3	FOMC June 19, 2013 Press Release
Richard A. Baudino	HUA	RAB-4	Historical Daily VIX Values
Richard A. Baudino	HUA	RAB-5	Excerpts from TECO Energy Dec. 31, 2012 SEC 10-K
Richard A. Baudino	HUA	RAB-6	Excerpts from TECO Energy Investor Presentations
Richard A. Baudino	HUA	RAB-7	Tampa Electric Discovery Responses

Witness	Proffered By		Description
Richard A. Baudino	HUA	RAB-8	Comparison Group Dividend Yield Calculations
Richard A. Baudino	HUA	RAB-9	Comparison Group Growth and DCF ROE Calculations
Richard A. Baudino	HUA	RAB-10	Capital Asset Pricing Model ROE Analysis – Comparison Group
Richard A. Baudino	HUA	RAB-11	Capital Asset Pricing Model Analysis - Historical Market Premium
Stephen J. Baron	HUA	SJB-1	List of Expert Testimony Appearances
Stephen J. Baron	HUA	SJB-2	U.S. EIA Annual Energy Outlook 2013 Levelized Costs of New Generation Resources
Stephen J. Baron	HUA	SJB-3	NARUC: Electric Utility Cost Allocation Manual
Stephen J. Baron	HUA	SJB-4	HUA 12 CP 1/13th AD + MDS COS
Stephen J. Baron	HUA	SJB-5	Tampa Electric Response to HUA First Set, Q-90
Stephen J. Baron	HUA	SJB-6	HUA Proposed Revenue Increases
Stephen J. Baron	HUA	SJB-7	HUA Proposed GSD Rate Design
Lane Kollen	HUA	LK-1	Resume of Lane Kollen
Lane Kollen	HUA	LK-2	Schedule of Adj. – 2009 Rate Case
Lane Kollen	HUA	LK-3	Tampa Electric's Response to OPC's Interrogatory No. 75
Lane Kollen	HUA	LK-4	Tampa Electric's Response to OPC's Interrogatory No. 77

Witness	Proffered By		Description
Lane Kollen	HUA	LK-5	Tampa Electric's Response to HUA's Interrogatory No. 76
Lane Kollen	HUA	LK-6	Tampa Electric's Response to HUA's Interrogatory No. 61
Lane Kollen	HUA	LK-7	Tampa Electric's Response to Staff's Interrogatory No. 48
Lane Kollen	HUA	LK-8	Tampa Electric's Response to OPC's Interrogatory No. 8
Lane Kollen	HUA	LK-9	Tampa Electric's Response to OPC's Interrogatory No. 60
Lane Kollen	HUA	LK-10	Tampa Electric's Response to OPC's Interrogatory No. 57
Lane Kollen	HUA	LK-11	Tampa Electric's Response to OPC's Interrogatory No. 12
Lane Kollen	HUA	LK-12	Tampa Electric's Response to OPC's Interrogatory No. 131
Lane Kollen	HUA	LK-13	Tampa Electric's Response to OPC's Interrogatory No. 133
Lane Kollen	HUA	LK-14	Tampa Electric's Response to OPC's Interrogatory No. 138
Lane Kollen	HUA	LK-15	Tampa Electric's Response to OPC's Interrogatory No. 49
Lane Kollen	HUA	LK-16	Tampa Electric's Response to HUA's Interrogatory No. 81
Lane Kollen	HUA	LK-17	Tampa Electric's Response to OPC's Interrogatory No. 119
Lane Kollen	HUA	LK-18	Tampa Electric's Response to HUA's Interrogatory No. 125
Lane Kollen	HUA	LK-19	Tampa Electric's Response to HUA's Interrogatory No. 131
Lane Kollen	HUA	LK-20	HUA Recommended Cost of Capital Adjustments, Revenue Requirements - ROE

Witness	Proffered By		Description
Lane Kollen	HUA	LK-21	Excerpts of TECO Energy, Inc.'s 2009-2012 SEC 10-Ks
Lane Kollen	HUA	LK-22	Excerpts of TECO Energy, Inc.'s 2013 Proxy Statement
William B. McNulty	Staff	WBM-1	Chapter 6 of the NARUC Electric Cost Allocation Manual – January, 1992
William B. McNulty	Staff	WBM-2	Past Commission Orders Addressing the Minimum Distribution System (MDS)
William B. McNulty	Staff	WBM-3	Higher Minimum Cost Using Minimum Size Methodology
William B. McNulty	Staff	WBM-4	Zero Intercept Regression Statistics and Summary Output
William B. McNulty	Staff	WMB-5	TECO Test Year Revenue Requirement and Bill Impacts MDS VS DOCC
Jeffery A. Small	Staff	JAS-1	Auditor's Report - Twelve Months Ended December 31, 2012
Rebuttal			
Sandra W. Callahan	Tampa Electric	SWC-2	Composite Exhibit Rebuttal
Robert B. Hevert	Tampa Electric	RBH-2	Composite Exhibit Rebuttal
Lorraine L. Cifuentes	Tampa Electric	LLC-2	Composite Exhibit Rebuttal
Mark J. Hornick	Tampa Electric	MJH-2	Composite Exhibit Rebuttal
S. Beth Young	Tampa Electric	SBY-2	Composite Exhibit Rebuttal
Brad J. Register	Tampa Electric	BJR-2	Composite Exhibit Rebuttal
William R. Ashburn	Tampa Electric	WRA-2	Composite Exhibit Rebuttal

Witness	Proffered By		Description
Karen J. Lewis	Tampa Electric	KJL-1	Composite Exhibit Rebuttal
Terry Deason	Tampa Electric	TD-1	Composite Exhibit Rebuttal

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XI. PENDING MOTIONS

Tampa Electric Company's Motion to Compel Responses to Tampa Electric Company's First Request for Admissions (Nos. 1-10), Second Set of Interrogatories (Nos. 3-21), and Second Request for Production of Documents (Nos. 9-15) to WCF Hospital Utility Alliance, filed August 19, 2013 [DN 04856-13].

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 50 pages and shall be filed at the same time.

XIV. RULINGS

Tampa Electric shall be allowed ten minutes for opening statements. Intervenors shall have 20 minutes to be divided as mutually agreed upon by the parties.

Unless otherwise agreed upon by the parties and approved by Commission, witnesses must be presented at the hearing as stated in Section VI (Order of Witnesses) of this Prehearing Order.

It is therefore,

ORDERED by Commissioner Julie I. Brown, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Julie I. Brown, as Prehearing Officer, this 29th day of August, 2013.

Julie I. Brown

JULIE I. BROWN
Commissioner and Prehearing Officer
Florida Public Service Commission
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(850) 413-6770
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MFB

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 25-22.0376, 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.