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August 9, 2001

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED FPSC
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COMMISSION
CLERK

Re: Environmental Cost Recovery Clause
FPSC Docket No. 010007-EI

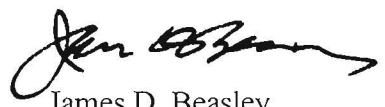
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and seven (7) copies of Tampa Electric Company's response to the Florida Public Service Commission's Environmental Cost Recovery Clause Audit for the Twelve Months Ended December 31, 2000, RGO Control #01-023-2-1.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosures

- APP _____
- CAF _____
- CMP _____
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- CTR _____
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- LEG /
- OPC _____
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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
09681 AUG-9 01
FPSC-COMMISSION CLERK

Disclosure No. 1

Subject: Over Recovery of Investment Expense of Gannon Oil Tank During 1999

Statement of Fact: The utility used an incorrect net investment amount to calculate the return on investment for the Gannon Oil Tank Project during 1999, resulting in an over recovery of investment expense.

The Gannon Ignition Oil Tank Project had an original cost of \$589,752, of which \$266,000 was included in CWIP during the utility's last rate case. The utility stipulated with the PSC in 1999 that it would exclude the \$266,000 from the calculation of the return on investment for this project.

However, during 1999, the utility used the gross \$589,752 amount to calculate the return on investment for this project. This error resulted in an over recovery by the utility of \$30,976. Adding an appropriate amount of interest based on commercial paper rates to this over recovery results in a total over recovery of \$33,814 as of December 31, 2000.

Recommendation: The utility should be required to remove \$30,976 plus accrued interest from its recoverable expenses for the year ended December 31, 2000.

Company Response: The statement of fact by the auditor that the Gannon Oil Tank had an original cost of \$589,752, of which \$266,000 was part of CWIP during the utilities last rate case is correct.

Additionally, the utility did agree with the FPSC in 1999 that it would exclude the \$266,000 from the calculation of return on investment for this project. The agreement took place in October 1999, however, both Tampa Electric and the FPSC staff agreed to retroactively begin the \$266,000 exclusion effective January 1, 1999. The company has only recovered the return on investment for the net amount from that point forward.

During the first six months of 2000, Tampa Electric did inadvertently recover the return on investment on the gross amount of the Gannon oil tank, however, that error was discovered in July 2000 and corrected retroactively back to January 2000. The true-up filing for 2000 does show that the return for the Gannon oil tank is only calculated on the net investment amount, so no adjustment of expense is necessary for this asset.

Two documents are attached to this response that provide the clarity necessary to support the fact that no adjustment is necessary. The first document is Form 42-8A, Page 4 of 17, the Gannon Ignition Oil Tank Project that encompasses the actual period of January 1999 to

**TAMPA ELECTRIC COMPANY
DOCKET NO. 010007-EI
AUDIT-12 MONTHS ENDING 12/31/00
AUDIT CONTROL NO. 01-023-2-1
DISCLOSURE NO. 1
FILED: AUGUST 8, 2001
PAGE 2 OF 4**

December 1999 and was filed as a revision on November 2, 2000. It shows the \$266,000 being removed so as to establish the correct net investment for the period. The second document is Form 42-8A, Page 4 of 19, the Gannon Ignition Oil Tank Project that covers the actual period of January 2000 to December 2000 filed on April 2, 2001. It, too, indicates the \$266,000 being removed to establish the correct net investment for the period.

Tampa Electric Company
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Actual Amount for the Period
 January 1999 to December 1999

Return on Capital Investments, Depreciation and Taxes
 For Project: Cannon Ignition Oil Tank
 (in Dollars)

Line	Description	Beginning of Period Amount	Actual Jan-99	Actual Feb-99	Actual Mar-99	Actual Apr-99	Actual May-99	Actual Jun-99	Actual Jul-99	Actual Aug-99	Actual Sep-99	Actual Oct-99	Actual Nov-99	Actual Dec-99	End of Period Amount
1.	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	
d.	Other		0	0	0	0	0	0	0	0	0	0	0	0	
2.	Plant-In-Service/Depreciation Base	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	
3.	Leas: Accumulated Depreciation	(21,415)	(23,381)	(25,347)	(27,313)	(29,279)	(31,245)	(33,211)	(35,177)	(37,143)	(39,109)	(41,075)	(43,041)	(45,007)	
4.	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
4a.	Other (A)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	(266,000)	
5.	Net Investment (Lines 2 + 3 + 4)	\$302,337	300,371	298,405	296,439	294,473	292,507	290,541	288,575	286,609	284,643	282,677	280,711	278,745	
6.	Average Net Investment		301,354	299,388	297,422	295,456	293,490	291,524	289,558	287,592	285,626	283,660	281,694	279,728	
7.	Return on Average Net Investment														
a.	Equity Component Crossed Up For Taxes (B)		2,216	2,201	2,187	2,173	2,158	2,144	2,129	2,115	2,100	2,086	2,071	2,057	\$25,637
b.	Debt Component (Line 6 x 2.82% x 1/12)		708	704	699	694	690	685	680	676	671	667	662	657	8,193
8.	Investment Expenses														
a.	Depreciation		1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	23,592
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Property Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9.	Total System Recoverable Expenses (Lines 7 + 8)		4,890	4,871	4,852	4,833	4,814	4,795	4,775	4,757	4,737	4,719	4,699	4,680	\$7,422
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		4,890	4,871	4,852	4,833	4,814	4,795	4,775	4,757	4,737	4,719	4,699	4,680	\$7,422
10.	Energy Jurisdictional Factor		0.9687399	0.9785070	0.9747070	0.9259936	0.9492850	0.9399043	0.9217175	0.9181326	0.9418864	0.9336323	0.9579113	0.9602028	
11.	Demand Jurisdictional Factor		0.9496327	0.9015598	0.9572408	0.9005992	0.9046331	0.9017909	0.9014166	0.9017389	0.9244575	0.9111667	0.9034483	0.8970642	
12.	Retail Energy-Related Recoverable Costs (C)		0	0	0	0	0	0	0	0	0	0	0	0	0
13.	Retail Demand-Related Recoverable Costs (D)		4,644	4,391	4,645	4,353	4,355	4,324	4,304	4,290	4,379	4,300	4,245	4,198	\$2,428
14.	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$4,644	\$4,391	\$4,645	\$4,353	\$4,355	\$4,324	\$4,304	\$4,290	\$4,379	\$4,300	\$4,245	\$4,198	\$2,428

- Notes:
- (A) Represents the Capital Costs of the Cannon Ignition Oil Tank currently recovered through base rates.
 - (B) Lines 6 x 2.8238% x 1/12. Based on ROE of 11.75% and weighted income tax rate of 38.575% (expansion factor of 1.628002)
 - (C) Line 9a x Line 10
 - (D) Line 9b x Line 11

TAMPA ELECTRIC COMPANY
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EXHIBIT NO. _____
 DOCKET NO. 0000072E1
 TAMPA ELECTRIC COMPANY
 (KOZ-1)
 DOCUMENT NO. 8
 PAGE 4 OF 17
 FORM 42-8A
 FILED: APRIL 3, 2000
 ZND REVISIED: NOVEMBER 2,

Tampa Electric Company
Environmental Cost Recovery Clause
Calculation of the Actual Amount for the Period
January 2000 to December 2000

Return on Capital Investments, Depreciation and Taxes
 For Project: Cannon Ignition Oil Tank
 (in Dollars)

Line	Description	Beginning of Period Amount	Actual Jan-00	Actual Feb-00	Actual Mar-00	Actual Apr-00	Actual May-00	Actual Jun-00	Actual Jul-00	Actual Aug-00	Actual Sep-00	Actual Oct-00	Actual Nov-00	Actual Dec-00	End of Period Total
1.	Investments														
a.	Expenditures/Additions		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
2.	Plant-in-Service/Depreciation Base	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	589,752	
3.	Less: Accumulated Depreciation	(45,007)	(54,086)	(63,165)	(72,244)	(81,323)	(90,402)	(99,482)	(108,561)	(117,640)	(126,719)	(135,798)	(144,877)	(153,956)	
4.	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
4a.	Other (A)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	(266000)	
5.	Net Investment (Lines 2 + 3 + 4)	278,745	269,666	260,587	251,508	242,429	233,350	224,271	215,191	206,112	197,033	187,954	178,875	169,796	
6.	Average Net Investment		274,205	265,126	256,047	246,968	237,889	228,810	219,731	210,652	201,573	192,494	183,415	174,336	
7.	Return on Average Net Investment														
a.	Equity Component Crossed Up For Taxes (B)		2,016	1,950	1,883	1,816	1,749	1,682	1,616	1,549	1,482	1,415	1,349	1,282	19,789
b.	Debt Component (Line 6 x 2.82% x 1/12)		644	623	602	580	559	538	516	495	474	452	431	410	6,324
8.	Investment Expenses														
a.	Depreciation		9,079	9,079	9,079	9,079	9,079	9,079	9,079	9,079	9,079	9,079	9,079	9,079	108,949
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Property Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9.	Total System Recoverable Expenses (Lines 7 + 8)		11,739	11,652	11,564	11,475	11,387	11,299	11,211	11,123	11,035	10,946	10,859	10,771	135,061
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		11,739	11,652	11,564	11,475	11,387	11,299	11,211	11,123	11,035	10,946	10,859	10,771	135,061
10.	Energy Jurisdictional Factor		0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	0.9307617	
11.	Demand Jurisdictional Factor		0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	0.9077730	
12.	Retail Energy-Related Recoverable Costs (C)		0	0	0	0	0	0	0	0	0	0	0	0	0
13.	Retail Demand-Related Recoverable Costs (D)		10,656	10,577	10,497	10,417	10,337	10,257	10,177	10,097	10,017	9,936	9,858	9,778	122,604
14.	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$10,656	\$10,577	\$10,497	\$10,417	\$10,337	\$10,257	\$10,177	\$10,097	\$10,017	\$9,936	\$9,858	\$9,778	\$122,604

Notes:
 (A) Represents the Capital Costs of the Cannon Ignition Oil Tank currently recovered through base rates.
 (B) Line 6 x 8.8238% x 1/12. Based on ROE of 11.75% and weighted income tax rate of 38.575% (expansion factor of 1.628002)
 (C) Line 9a x Line 10
 (D) Line 9b x Line 11

TAMPA ELECTRIC COMPANY
 PAGE 4 OF 4

EXHIBIT NO. _____
 DOCKET NO. 010907-RE
 TAMPA ELECTRIC COMPANY
 (HTB-1)
 DOCUMENT NO. 8
 PAGE 4 OF 19
 FORM 42-8A
 FILED: APRIL 2, 2001

Disclosure No. 3

Subject: Beginning True Up Amount

Statement of Fact: The utility filed revisions to its annual ECRC filing for the period January 1999 through December 1999 on November 2, 2000 and November 8, 2000. FPSC Order No. PSC-00-2391-FOF-EI, issued December 13, 2000 contains figures related to the Final True-up amount for the period ending December 31, 1999 (\$281,469-page 2) and the Total True-up amount to be collected during the period January 2001 through December 2001 (\$2,892,660-page 3) that do not agree to the utility's final revision to its ECRC filing, filed on November 8, 2000. The differences are as follows:

Page 2, paragraph II.A.- Final True-up Amounts for the Period Ending December 31, 1999

Per Order Amount:	\$281,469
Per Utility Revised Filing Amount:	<u>\$273,995</u>
Differences	\$ 7,474

Page 3, paragraph II.C .- Total True-up Amounts to be Collected During the Period January 2001 Through December 2001

Per Order Amount:	\$2,892,660
Per Utility Revised Filing Amount:	<u>\$2,792,660</u>
Differences	\$ 100,000

The utility used the \$273,995 figure to calculate the Beginning True-up amount for its ECRC filing for the period January 2000 through December 2000, filed April 2, 2001. That filing is the subject of this audit. This resulted in a difference in the End of Period True-up amount of \$7,956, including interest.

The \$100,000 difference noted above appears to be a typographical error that does not directly impact the ECRC filing for the period January 2000 through December 2000, but will affect future filings if not corrected and is therefore noted here.

Recommendation: This information is provided to help the analyst determine the correct true-up amount and inform the utility of the correct amount to be collected during 2001.

TAMPA ELECTRIC COMPANY
DOCKET NO. 010007-EI
AUDIT-12 MONTHS ENDING 12/31/00
AUDIT CONTROL NO. 01-023-2-1
DISCLOSURE NO.3
FILED: AUGUST 8, 2001
PAGE 2 OF 3

Company Response: Please see attached Amendatory Order No. PSC-00-2391A-FOF-EI, Docket No. 000007-EI, issued January 23, 2001 that validates Tampa Electric's use of the correct total for the Final True-up Amount for the Period Ending December 31, 1999 of \$273,995 and the correct total for the Total True-up Amount to be Collected During the Period January 2001 through December 2001 of \$2,792,660.

BEFORE THE FLORIDA PUBLIC SERVICE C

In re: Environmental cost
 recovery clause.

DOCKET NO. 000007-EI
 ORDER NO. PSC-00-2391A-FOF-EI
 ISSUED: January 23, 2001

AMENDATORY ORDER

Order No. PSC-00-2391-FOF-EI was issued in this docket on December 13, 2000. In that Order, two values, to which the parties stipulated, were not incorporated and the values used prior to the stipulation were inadvertently left in the Order. To correct this error, the following changes shall be made to Order No. PSC-00-2391-FOF-EI:

1. In Part II.A. the value of TECO's over recovery shall be changed to \$273,995.
2. In Part II.C. the value to be recovered by TECO shall be \$2,792,660.

Based on the foregoing, it is hereby

ORDERED by the Florida Public Service Commission that Order No. PSC-00-2391-FOF-EI is hereby amended as set forth in the body of this Order. It is further

ORDERED that Order No. PSC-00-2391-FOF-EI is affirmed in all other respects.

By ORDER of the Florida Public Service Commission this 23rd Day of January, 2001.

/s/ Blanca S. Bayó
 BLANCA S. BAYÓ, Director
 Division of Records and Reporting

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-850-413-6770.

(S E A L)

MKS