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October 12, 2001

BY HAND DELIVERY

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

Re: Review of Tampa Electric Company and impact of its participation
in GridFlorida, a Florida transmission company, on TECO's retail
ratepayers; Docket No. 010577-EI

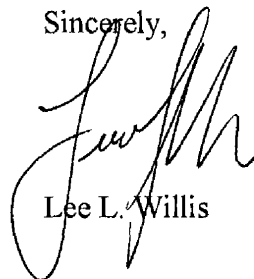
Dear Ms. Bayo:

Enclosed for filing in the above referenced are the original and ten (10) copies of Tampa
Electric Company's Late-filed Exhibit No. 13.

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

Thank you for your assistance in connection with this matter.

Sincerely,



Lee L. Willis

LLW/bjd
Enclosures

cc: All Parties of Record (w/encl.)

DOCUMENT NUMBER-DATE

13001 OCT 12 01

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Late-filed Exhibit No. 13, filed on behalf of Tampa Electric Company, has been served by hand delivery (*), overnight delivery (**) or U. S. Mail this 12th day of October, 2001 to the following:

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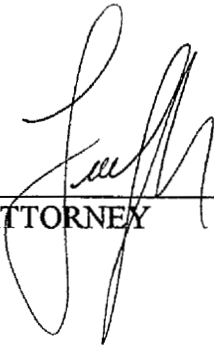
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**TAMPA ELECTRIC COMPANY
DOCKET NO. 010577-EI
LATE-FILED EXHIBIT NO. 13
FILED: OCTOBER 12, 2001**

**Potential Financial Vulnerability Due to FERC Sanctions
Proposed in the Memorandum of September 26, 2001**

FERC Chairman Pat Wood's September 26, 2001 memorandum identifies three FERC responses to a utility's failure to join an RTO within the appropriate time period: 1) FERC will revoke the authority of the utility and its corporate affiliates to engage in wholesale sales of electricity at market based rates; 2) FERC will not approve any Section 203 application for merger involving that utility; and 3) FERC will take a "hard look" at the transmission rates that the utility is permitted to charge "to ensure that they are just and reasonable and recognize the interdependence of the power grid." The financial vulnerability associated with each of these courses of action is discussed below:

1. Market-based Sales

The FERC has authorized Tampa Electric to engage in wholesale sales of electricity at market-based rates inside and outside of Florida. Tampa Electric's revenues from sales of electricity at wholesale made under its market based rate authority for the period July 1, 1998 through June 30, 2001 as reported to FERC totaled \$12,613,898. Substantially all of the gains from these off-system sales are passed through to customers in the fuel and/or capacity cost recovery clauses. Thus, the loss of revenues associated with wholesale sales could lead to an increase in retail rates.

While it is difficult to predict with any real certainty what level of cost-based rates would be approved by FERC as a substitute for existing market based rates, based on a preliminary analysis Tampa Electric and its affiliates could expect revenues to be reduced.

2. Merger Approval

Tampa Electric has no pending applications for Section 203 approval and cannot quantify the effect, if any, the loss of the ability to seek Section 203 approval of a transaction would mean in the future.

3. Transmission Rates

Tampa Electric interprets Chairman Wood's memorandum as suggesting that entities not participating in RTOs by the FERC's deadline will face the prospect of having their wholesale transmission rates subjected to scrutiny in a rate case proceeding and may face a reduction in the FERC-approved rate of return for their transmission assets. While impossible to quantify at this time, the reduction in the approved rates certainly could have a negative impact on Tampa Electric's wholesale revenues, its ability to attract investment and the value of the company to its shareholders, which could in turn have a detrimental effect on Tampa Electric's retail ratepayers.