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October 24, 2006

HAND DELIVERED

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

Re: Further Revision to Testimony of Tampa Electric Witness, Carlos Aldazabal
FPSC Docket No. 060001-EI

Dear Ms. Bayo:

On October 9, 2006 Tampa Electric Company filed its notice of revisions to the Prepared Direct Testimony of Tampa Electric witness, Carlos Aldazabal, and Tampa Electric's positions on Issue 10 and 11 in its Prehearing Statement in this proceeding.

At the October 23, 2006 Prehearing Conference in this matter, Tampa Electric and Staff stipulated on the answers to Issues 10 and 11. For Issue 10 the stipulation is that the appropriate actual benchmark level for calendar year 2006 for gains on non-separated wholesale energy sales eligible for a shareholder incentive is \$1,051,869 for Tampa Electric.

On Issue 11 Staff and the company agreed that the appropriate estimated benchmark level for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive is \$1,165,220 for Tampa Electric.

Enclosed herewith are the original and fifteen (15) copies of pages 9 and 10 of Mr. Aldazabal's true-up testimony, marked "Revised 10/24/06," which reflect the stipulated amount of \$1,051,869 for Issue 10 on page 9, line 24, and the corrected three year components from which that amount was derived on page 9, line 25, continuing over to page 10, line 1. Also enclosed are the original and fifteen (15) copies of revised page 11 to Mr. Aldazabal's projection testimony, also marked "Revised 10/24/06," which shows the stipulated amount for Issue 11, at line 18.

DOCUMENT NUMBER-DATE

09782 OCT 24 06

FPSC-COMMISSION CLERK

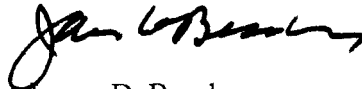
Ms. Blanca S. Bayo
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We would appreciate your circulating these revised pages of Mr. Aldazabal's true-up and projection testimonies to the recipients of the initial version of his testimony and ask that they be substituted in place of the corresponding pages in the original testimonies. These changes supersede the notice of revisions to testimony and Prehearing Statement we filed on behalf of Tampa Electric on October 9, 2006 and bring Mr. Aldazabal's true-up and projection testimonies into conformity with the stipulated amounts for Issues 10 and 11 at the Prehearing Conference.

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

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

1 than what was originally estimated.

2

3 **Q.** What was the variance in jurisdictional fuel revenues
4 for the period January 2005 through December 2005?

5

6 **A.** As shown on line C3 of Document No. 3, the company
7 collected \$15,259,333 or 2.2 percent less jurisdictional
8 fuel revenues than originally estimated.

9

10 **Q.** Please describe Document No. 4 of your exhibit.

11

12 **A.** Document No. 4 contains Commission Schedules A1 through
13 A9 for the months of January 2005 through December 2005.
14 Also included is a twelve-month summary detailing the
15 transactions for each of Commission Schedules A6, A7,
16 A8, and A9 for the period January 2005 through December
17 2005.

18

19 **Wholesale Incentive Benchmark**

20 **Q.** What is Tampa Electric's wholesale incentive benchmark
21 for 2006, as derived in accordance with Order No. PSC-
22 01-2371-FOF-EI, Docket No. 010283-EI?

23

24 **A.** The company's 2006 benchmark is \$1,051,869, which is the
25 three-year average of \$1,227,431, \$1,049,937, and

1 \$878,238 actual gains on non-separated wholesale sales,
2 excluding emergency sales, for 2003, 2004 and 2005,
3 respectively.

4

5 **Hedging Transaction and Incremental O&M Costs**

6 **Q.** Did Tampa Electric prudently incur incremental O&M
7 expenses for initiating and/or maintaining its non-
8 speculative financial hedging program in 2005?

9

10 **A.** Yes. Tampa Electric prudently incurred \$164,960 for
11 incremental O&M hedging expenses. An itemization of the
12 incremental O&M expenses by category will be provided as
13 an exhibit to the direct testimony of Tampa Electric
14 witness J. T. Wehle, which will be filed April 3, 2006 in
15 this docket.

16

17 **Q.** Does this conclude your testimony?

18

19 **A.** Yes.

20

21

22

23

24

1 process.

2

3 **Wholesale Incentive Benchmark Mechanism**

4 **Q.** What is Tampa Electric's projected wholesale incentive
5 benchmark for 2007?

6

7 **A.** The company's projected 2007 benchmark is \$1,165,220,
8 which is the three-year average of \$1,049,937, \$878,238
9 and \$1,567,484 in gains on the company's non-separated
10 wholesale sales, excluding emergency sales, for 2004,
11 2005 and 2006 (estimated/actual), respectively.

12

13 **Q.** Does Tampa Electric expect gains in 2007 from non-
14 separated wholesale sales to exceed its 2007 wholesale
15 incentive benchmark?

16

17 **A.** No. Tampa Electric anticipates that sales will not
18 exceed the projected benchmark of \$1,165,220.

19

20 **Cost Recovery Factors**

21 **Q.** What is the composite effect of Tampa Electric's proposed
22 changes in its capacity, fuel and purchased power,
23 environmental and energy conservation cost recovery
24 factors on a 1,000 kWh residential customer's bill?

25