

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 2, 2013

TO: Office of Commission Clerk (Cole)

FROM: Division of Economics (Draper) *ED J.W.D. RD*
Office of the General Counsel (M. Brown) *MCB JSC*

RE: Docket No. 130040-EI – Petition for rate increase by Tampa Electric Company.

AGENDA: 05/14/13 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: 06/04/13 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECO\WP\130040.RCM.DOC

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13 MAY -2 AM 9:02
COMMISSION
CLERK

Case Background

This proceeding commenced on April 5, 2013, with the filing of a petition for a permanent rate increase by Tampa Electric Company (TECO). TECO requested an increase in its retail rates and charges to generate \$134.8 million in additional gross annual revenues effective January 1, 2014. TECO requested approval of a continuation of its currently authorized return on equity of 11.25 percent, with a range of plus or minus 100 basis points. TECO based its request on a projected test year ending December 31, 2014. The hearing is scheduled for September 9-11, and September 16-17, 2013.

DOCUMENT NUMBER-DATE

02418 MAY-2 2013

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The Commission last granted TECO a \$104.3 million total rate increase by Order No. PSC-09-0283-FOF-EI.¹ In that order the Commission found TECO's jurisdictional rate base to be \$3.44 billion for the 2009 projected test year. The Commission also approved an additional increase in base rates, effective January 1, 2010, of \$33.6 million to recover the cost of five combustion turbine units and Big Bend Rail facilities.

This recommendation addresses the suspension of the requested permanent rate increase. The Commission has jurisdiction pursuant to Section 366.06, Florida Statutes.

¹ Order No. PSC-09-0283-FOF-EI, issued April 30, 2009, in Docket No. 080317-EI, In re: Petition for a rate increase by Tampa Electric Company.

Discussion of Issues

Issue 1: Should TECO's request for a \$134.8 million permanent base rate increase and its associated tariff revisions be suspended pending a final decision in this docket?

Recommendation: Yes. The \$134.8 million permanent base rate increase and its associated tariff revisions requested by TECO should be suspended pending a final decision in this docket. (Draper, M. Brown)

Staff Analysis: TECO filed its petition, testimony, and minimum filing requirements on April 5, 2013. TECO has requested a total permanent base rate increase of \$134.8 million based on a projected test year ending December 31, 2014.

The suspension of the rate increase is authorized by Section 366.06(3), Florida Statutes, which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Staff recommends that the Commission suspend TECO's request for a \$134.8 million permanent base rate increase and its associated tariff revisions in order to allow staff and any intervenors sufficient time to adequately and thoroughly examine whether the request for permanent rate relief is appropriate.

Issue 2: Should this docket be closed?

Recommendation: No, this docket should remain open to process TECO's revenue increase request. (M. Brown)

Staff Analysis: This docket should remain open to process TECO's revenue increase request.