TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20210034-EI

IN RE: PETITION FOR RATE INCREASE

BY TAMPA ELECTRIC COMPANY

DIRECT TESTIMONY AND EXHIBIT

OF

A. SLOAN LEWIS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

A. SLOAN LEWIS

Q. Please state your name, address, occupation, and employer.

A. My name is A. Sloan Lewis. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "the Company") in the Finance Department as Director, Regulatory Accounting.

Q. Please describe your duties and responsibilities in that position.

A. My duties and responsibilities include the accounting oversight of all cost recovery clauses and riders for Tampa Electric and Peoples Gas System, the settlement of all fuel and power transactions for Tampa Electric and Peoples Gas System, and the accounts payable department for Tampa Electric, Peoples Gas System, and New Mexico Gas Company.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science degree in Accounting from Florida State University in 1994 and a master's degree in Education from the University of North Florida in 1996. I joined Tampa Electric in 2000 as a Fuels Accountant and over the past 20 years have expanded my cost recovery clause responsibilities. Then in 2015, I was promoted to Manager, Regulatory Accounting with responsibility for all the cost recovery clauses and riders for Tampa Electric and Peoples Gas System. I was promoted to my current role of Director, Regulatory Accounting in 2017.

Q. Have you previously testified before the Florida Public Service Commission ("Commission")?

A. Yes. I filed testimony before this Commission in Docket No. 20200067-EI, Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company, and Docket No. 20200092-EI, which was the Commission's 2020 storm protection cost recovery clause proceeding.

Q. What are the purposes of your direct testimony?

A. My direct testimony describes the company's test year, the sources of the financial information used in the company's filing in this docket, the budgeting process and resulting financial statements, and then presents the details of the company's rate base, net operating income and revenue requirement calculations in this case.

Q. Have you prepared an exhibit to support your direct testimony?

A. Yes. Exhibit No. ASL-1, entitled "Exhibit of A. Sloan Lewis" was prepared under my direction and supervision. The contents of my exhibit were derived from the business records of the company and are true and correct to the best of my information and belief. It consists of 11 documents, as follows:

Document No. 1	List of Minimum Filing Requirement Schedules Sponsored or Co-Sponsored by A. Sloan Lewis
Document No. 2	Forecasted Income Statement Twelve Months Ended December 31, 2022
Document No. 3	Forecasted Income Statement Twelve Months Ended December 31, 2022 Budget Methodology

Document No. 4	Forecasted Income Statement Twelve Months Ended December 31, 2021
Document No. 5	Actual Income Statement Twelve Months Ended December 31, 2020
Document No. 6	Forecasted Monthly Balance Sheet 2022
Document No. 7	Forecasted 13-Month Average Balance Sheet as of December 31, 2022
Document No. 8	Forecasted 13-Month Average Balance Sheet as of December 31, 2022 Budget Methodology
Document No. 9	Forecasted 13-Month Average Balance Sheet as of December 31, 2021
Document No. 10	Actual 13-Month Average Balance Sheet as of December 31, 2020
Document No. 11	Forecasted Statement of Cash Flows for the Period Ended December 31, 2022

Q. Are you sponsoring or co-sponsoring any of Tampa Electric's Minimum Filing Requirements ("MFR") schedules?

A. Yes. I am sponsoring or co-sponsoring the MFR schedules listed in Document No. 1 of my exhibit. The data and information on these schedules were taken from the business records of the company and are true and correct to the best of my information and belief.

Q. How does your direct testimony relate to the testimony of other Tampa Electric witnesses in this case?

A. My direct testimony explains the budget process and why using a projected 2022 test year is appropriate in this case.

Tampa Electric witness Lorraine L. Cifuentes presents the customer, energy sales, and peak demand forecasts that form the basis for the budget underlying the financial information for our 2022 test year.

My direct testimony also presents the company’s overall revenue requirement calculation. Other witnesses discuss specific parts of our revenue requirement. For example, Tampa Electric witness Davicel Avellan discusses our depreciation study and supports our requested level of depreciation expense and capital recovery amortization in the test year. Tampa Electric witnesses Dylan W. D’Ascendis and Kenneth D. McOnie present the company’s proposed return on equity and equity ratio, respectively. Other witnesses address specific components of our rate base, show that our proposed plant additions are reasonable and prudent, and demonstrate that our operations and maintenance ("O&M") expenses are reasonable. Tampa Electric witness Jeffrey S. Chronister discusses how our financial profile has changed since our last rate case in 2013; addresses income taxes, the parent debt adjustment, affiliate transactions, all elements of our capital structure except equity ratio, and our proposed overall rate of return; presents information about our financial forecasts for 2023 and 2024; and proposes that the Commission approve generation base rate adjustments in those years.

2022 TEST YEAR

Q. What test year does the company propose to use for setting customer rates in this proceeding?

A. Tampa Electric proposes to use the projected twelve months ending December 31, 2022 as the test year in this case. This test year is appropriate because it reflects the conditions under which Tampa Electric will operate in the future and the company's anticipated capital and operating costs when our new rates will go into effect. A 2022 projected test year is also appropriate because it will best reflect the revenues necessary to recover the company's projected cost of service, including an appropriate return on the investments that will be used and useful to provide our customers with reliable service when the company's new customer rates are in effect.

Q. What does the company project its 2022 earned return on equity to be without the rate increase requested in this case?

A. Without the rate increase we are requesting in this case, the company's projected earned ROE in 2022 is expected to be approximately 4.67 percent, far below the fair and reasonable ROE of 10.75 percent supported in the direct testimony of Mr. D'Ascendis. Our projections show that the company's earned ROE will continue to decline below 4.67 percent in 2023 and 2024 without rate relief in those years. Continuing investments in the company's infrastructure and increasing costs to serve customers reliably have outpaced our revenue growth, causing our projected ROE in 2022 to fall below the level needed to maintain Tampa Electric's financial integrity. The company's need to maintain financial integrity is discussed further in the direct testimony of Mr. McOnie.

SOURCES OF FINANCIAL INFORMATION

Q. What is the source of the data contained in the direct testimony and exhibits sponsored by you and the other company witnesses in this proceeding?

A. The historical data presented in the MFR schedules and as discussed in the direct testimony and exhibits of the company’s witnesses is based on the books and records of the company. These books and records are maintained under the supervision of Mr. Chronister and are kept in the regular course of business in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts as prescribed by the Florida Public Service Commission and the Federal Energy Regulatory Commission (“FERC”).

Since 2018, the company's books and records are audited annually by Ernst & Young, LLP, commonly known as EY, the company’s independent auditors. Before 2018, the company's books and records were audited annually by PricewaterhouseCoopers, LLP, commonly known as PwC, the Company’s former independent auditors. These annual financial statement audits, in conjunction with internal control testing required by Sarbanes-Oxley legislation, have shown that the company has a consistent, reliable system of internal controls over the company’s accounting and financial reporting. The company’s continuous internal control compliance gives financial statement users assurance of the quality and reliability of the information contained in the company's books and records as well as all Tampa Electric financial reports.

In addition, the company is audited on a regular basis by the FPSC and the Internal Revenue Service ("IRS"), and, from time to time, by other governmental agencies, including the FERC. The company makes regular monthly, quarterly, and annual reports to the FPSC and FERC and periodic, quarterly, and annual reports to the Securities and Exchange Commission ("SEC").

The projected data presented in the MFR schedules and as discussed in the direct testimony and exhibits of the company's witnesses is based on the forecasted financial statements generated from the company's budget process, which I describe below.

Q. In your opinion, do Tampa Electric's MFR schedules fairly present the company's financial condition and requested revenue increase based on the projected results for the 2022 test year?

A. Yes. The MFR schedules accurately represent historical, current, and projected activities and their associated expenditures and assumptions for 2020, 2021 and the 2022 test year.

BUDGET PROCESS

Q. Please generally describe the process that Tampa Electric used to prepare the 2022 test year budget.

A. The 2022 budget was prepared using an integrated process that combined the goals and objectives of the company with expected economic and financial conditions. We developed plans for projects and activities based on the company's obligation to serve and expectations of the requirements and challenges associated with that obligation. We developed these plans for projects and activities within each department and then consolidated them into overall company projections. Each department quantified its projects and activities into specific required work in its respective budgets. This process is described in more detail in MFR Schedules F-5 Forecasting Models and F-8 Assumptions.

Q. Did the company prepare its budget for the 2022 test year using the company's normal annual budget process described above?

A. Yes. The process described above reflects our normal budgeting process.

Q. Is the company's process for producing the budget for the projected test year the same as in prior years and previous rate cases?

A. Yes. Although the technological tools the company uses to prepare budgets have evolved, the basic process used to build our budgets is the same. We base our budgets on expected operating conditions. We rely on the experience and expertise of the company's operating team members to create our forecasts. Our front-line operating personnel and members of management work together to forecast necessary projects and activities, and their corresponding costs. Long-term planning, prioritizing resource needs, and finding available efficiencies drive the schedules and forecasts that support the company's budget. Operating personnel provide not only cost projections but also forecast other operating revenues that reduce the overall revenue requirement.

Q. How was the 2022 budget created?

A. We created our 2022 budget in our time-tested manner, namely by using an integrated process that generates a complete set of budgeted financial statements: income statement, balance sheet, and statement of cash flows. We constructed the income statement using various sources to forecast revenues and expenses. We created the balance sheet by starting with beginning balances and either forecasting monthly balances for the remainder of the year or forecasting monthly activity in the account for the remainder of the year, depending on the type of account. Then we prepared a statement of cash flows to determine the capital structure needs of the company and the required debt and equity needed during the budget year.

Q. What primary economic and financial conditions did the company consider in developing the 2022 test year budget?

A. Tampa Electric considered the following primary economic and financial conditions when preparing the 2022 budget: (1) the impact of load growth, which includes changes in the number of customers and usage per customer and (2) the impact of inflation, contract escalations, and other cost increases. Our budget is based on the company's Customer, Demand, and Energy forecasts, which are explained in the direct testimony of Mrs. Cifuentes. The company used a variety of indices and factors to estimate the effects of inflation and cost increases in the 2022 budget.

Q. Please discuss the Customer, Demand, and Energy forecasts and the revenue budget.

A. The Load Research and Forecasting section of the company's Regulatory Affairs department produced the Customer, Demand, and Energy forecasts, which reflects customer growth projections as well as load and consumption projections. Mrs. Cifuentes is responsible for this function and discusses key assumptions used to develop the forecasts in more detail in her direct testimony.

The company prepared the revenue budget by applying current tariff rates to electricity sales reflected in the Customer, Demand, and Energy forecasts by customer rate class. The company prepared detailed revenue projections by month and included the monthly data in the income statement.

It should be noted that the revenue amounts included in the company's MFR's for miscellaneous service revenue reflect the new rates that are being requested, as described in the testimony of Mr. Ashburn. The original 2022 company budget for miscellaneous service revenues was $25.9 million, reflecting the current rates. However, the company calculated the revenue requirement request using a net operating income (reflected on MFR Schedule C-1) which included $19.3 million, an amount approximately $6.6 million lower than would have been using our current rates. Our revenues reflects the new miscellaneous service rates requested on MFR Schedule E-13b.

Q. Please describe the company's overall O&M and capital budgeting process.

A. Based on forecasted demand and energy, Tampa Electric determined the required capital investment necessary to serve the load reliably as well as the O&M needed to provide the quality of service customers expect. The company considered factors such as environmental and regulatory compliance, reserve requirements, and other items such as load location, changes in equipment and technology, and changes in required skill sets. These other items are covered by Tampa Electric witness David A. Pickles, C. David Sweat, Regan B. Haines, Melissa L. Cosby and Karen M. Mincey in greater detail. After determining the projects and activities needed to modernize, operate, and maintain a reliable system, the company estimated the costs associated with those projects and activities by analyzing the resources to be utilized and the price of those resources.

The company used different tools to determine the costs of the resources needed, depending on the type of resource. For example, as described in the direct testimony of Tampa Electric witness Marian C. Cacciatore, the compensation amounts reflected in our 2022 budget were set based on expected job market conditions.

Q. How did the company develop its detailed O&M and capital budgets?

A. Each operating department within the company developed detailed budgets for O&M and capital by month. Operating departments distinguished between O&M and capital based on the nature of the activity involved with consideration of accounting policies and practices. Each operating department weighed its options regarding how to perform O&M and capital work in the most cost-effective manner and then submitted a detailed operating budget to the Finance department.

The Finance department combined all of these budgets and data to produce a total projected amount of O&M and capital expenditures for the company. The activities and projects that are necessary to provide safe and reliable service to customers were planned by the departments that perform them, and the costs were developed using consistent assumptions. The officers of the company examined the budgets for reasonableness and consistency with our overall corporate objectives and initiatives. Finally, the budget was approved by the Board of Directors.

Q. Has Tampa Electric’s budgeting process proven reliable in the past?

A. Yes. Tampa Electric’s budgeting process has proven to be reliable in the past. Tampa Electric devotes significant effort to ensure our budgeting process is reliable because the company uses its budget information for investor presentations, business planning, and key decision-making. As shown on MFR Schedule C-6, the budgeting process has proven to be reliable as our actual results for company controllable amounts have closely tracked budgeted amounts. We also prepare and analyze budget variance reports and use these monthly analyses as part of the internal control system to manage our business and comply with the H.R. 3763 - Sarbanes-Oxley Act of 2002.

Q. What other factors enhance the reliability of the company’s budget process?

A. Tampa Electric's budget process incorporates the American Institute of Certified Public Accountants ("AICPA") guidelines for preparing prospective financial information. The company's budgeting process conforms with all of the guidelines, including those related to quality, consistency, documentation, the use of appropriate accounting principles and assumptions, the adequacy of review and approval, and the regular comparison of financial forecasts with attained results.

Q. In your opinion, did the budgeting process that Tampa Electric used generate a fair and reasonable projection of the company's projected 2022 financial condition for use in this proceeding?

A. Yes. Tampa Electric used the same reasonable, reliable and time-proven budgeting process to produce its 2022 company budget. It fairly presents our expected financial results for 2022, with the assumption that new, lower miscellaneous service revenue rates will be approved, without the rate increase we are requesting in this case.

2022 BUDGETED FINANCIAL STATEMENTS

Q. Please describe the most material components used to develop the 2022 budgeted balance sheet and income statement.

A. The largest component of our 2022 budgeted balance sheet is net utility plant-in-service. Plant-in-service balances reflect the capital expenditures for property, plant, and equipment already invested as well as the construction cost contained in the near-term capital budget.

With the exception of fuel and interchange expenses, which are recovered through the fuel and purchased power and capacity cost recovery clauses and are not a subject in this proceeding, the largest cost component of the 2022 budgeted income statement is O&M expense. Depreciation and income tax expenses are also major portions of our income statement and are calculated based on projected plant balances, applicable depreciation rates, and deferral as well as federal and state income tax rules.

Q. What other key elements did Tampa Electric use to develop the 2022 budgeted financial statements?

A. In addition to the O&M and capital investment budgets, we developed our budgeted financial statements using our Customer, Demand and Energy forecasts, our revenue budget, our generation outage schedule, and our fuel budget.

2022 Budgeted Balance Sheet and Statement of Cash Flows

Q. How did Tampa Electric develop the 2022 Forecasted Balance Sheet?

A. The company's Finance Department prepared the 2022 Forecasted Balance Sheet, using data provided by departments throughout the company. We determined each line item using the same accounting principles, methods, and practices we use in accounting for historical data. Senior management approved the forecasted Balance Sheet after a thorough review, including final review and approval by the president of Tampa Electric and the Board of Directors.

A projected balance sheet is a representation of projected account balances at a point in time. Tampa Electric prepared the 2022 Forecasted Balance Sheet by beginning with projected balances as of December 31, 2020, and then adding forecasted balance sheet activity for 2021 and 2022. We prepared our 2021 Forecasted Balance Sheet as part of the company's annual budget process which began in late 2020. In January 2021, we updated the 2020 year-end Balance Sheet with actual amounts, then completed the 2021 and 2022 budgets using 2020 year-end amounts as the starting point.

Balance sheet forecast amounts were determined either by projecting balances or projecting activity that impacts balances. The company projected monthly balances for each month of the year for certain accounts, such as accounts receivable. For other accounts, the change or activity in the account was projected and then applied to the beginning balance in sequence each month to produce monthly balances. For instance, the company budgeted property, plant, and equipment balances using the projected timing of expenditures included in the capital budget and projected in-service dates for assets. An example of projections related to working capital is projected fuel inventory, as reflected in MFR Schedule B-18. The fuel purchases and fuel consumption is forecasted and then applied to the beginning balance in sequence each month to produce monthly balances. We projected other balance sheet accounts, such as accrued interest and projected interest payments, based on the activity reflected in the income statement. Tampa Electric prepared balance sheet data for each month of the year, as reflected in Document No. 6 of my exhibit, and used it to compute the 13-month average Balance Sheet. Document No. 7 of my exhibit reflects the result of that averaging process.

Q. How did Tampa Electric develop the 2022 Forecasted Statement of Cash Flows?

A. Tampa Electric determined the forecasted cash flows by projecting the cash and noncash components of budgeted net income and projecting the change in items included in the budgeted Balance Sheet. Our cash needs determined the debt and equity needed to operate the business, taking into account expected cash inflows and outflows as well as changes in accumulated deferred income taxes resulting from activity in budgeted property, plant, and equipment. Based on projected long-term debt issuances and equity infusions, we then forecasted short-term debt for the balance of cash needs each month.

Q. Please describe the documents in your exhibit that relate to the forecasted Balance Sheet and forecasted Statement of Cash Flows.

A. I provide the 2022 Forecasted Balance Sheet as Document No. 6 of my exhibit. Document No. 7 of my exhibit, entitled "Forecasted 13-Month Average Balance Sheet as of December 31, 2022", presents the 13-month average per books Balance Sheet. Document No. 8 of my exhibit, entitled "Forecasted 13-Month Average Balance Sheet as of

December 31, 2022 Budget Methodology," provides, line-by-line, the source or budget methodology for each item included in the 2022 Forecasted Balance Sheet. Document Nos. 9 and 10 of my exhibit provide the same information for forecasted 2021 and actual 2020, respectively, in the same format as Document No. 7 of my exhibit. Document No. 11 of my exhibit presents the Forecasted Statement of Cash Flows for the Period Ended December 31, 2022.

Q. In your opinion, do Tampa Electric's 2022 Forecasted Balance Sheet and Forecasted Statement of Cash Flows fairly and reasonably reflect the account balances and cash flows expected for the company in 2022?

A. Yes, they do. The projected Balance Sheet and Statement of Cash Flows are based on supportable levels of capital structure, plant in service, and working capital, and reflect appropriate and necessary expenditures for projects and activities at reasonable, prudent costs.

2022 Budgeted Income Statement

Q. How did Tampa Electric develop its 2022 Forecasted Income Statement?

A. The Finance Department prepared the 2022 Forecasted

Income Statement by assembling projected data prepared by numerous team members who specialize in different areas of the company's operations. The company employed the same accounting principles, methods, and practices which the company employs for historical data to the projected data to prepare the forecasted Income Statement. Senior management approved the Income Statement budget after a thorough review, including final review and approval by the president of Tampa Electric and the Board of Directors.

Tampa Electric developed the income statement using forecasted revenues and other types of income, largely base revenues and the revenues from the five cost recovery clauses. The income statement also contains projections for off-system sales and other operating revenues such as rent revenues and miscellaneous service revenues.

To complete the income statement, we accumulated all operating expenses, including O&M expense, depreciation expense, property taxes, interest expense and interest income, and all below-the-line items. At this point, the company calculated income tax amounts to arrive at the net income.

Q. What methods and assumptions did Tampa Electric use to develop its 2022 Income Statement budget?

A. Tampa Electric provides a summary of the methods and assumptions used to develop the income statement on MFR Schedules F-5 and F-8. In short, the company used the reasonable cost estimates it developed for projects and activities, as I described earlier in my direct testimony.

Q. What factors affect the depreciation rates used in the 2022 budget?

A. The depreciation expense in the 2022 budget reflects the rates proposed in Tampa Electric's 2020 Depreciation Study submitted on December 30, 2020, in Docket No. 20200264-EI. Mr. Avellan describes the company's proposed depreciation rates and study in detail, and Tampa Electric witnesses Jeffrey T. Kopp and Charles R. Beitel support and explain the dismantlement studies the company commissioned for inclusion in the 2020 Depreciation Study. Our 2022 budgeted income statement also reflects the levels of capital recovery amortization discussed in Mr. Avellan's testimony.

Q. Please describe the documents in your exhibit that relate to the forecasted Income Statement.

A. Document No. 2 of my exhibit, entitled “Forecasted Income Statement Twelve Months Ended December 31, 2022” shows the expected results of operations for Tampa Electric under current rates. Document No. 3 of my exhibit, entitled “Forecasted Income Statement Twelve Months Ended December 31, 2022 Budget Methodology” sets forth, line-by-line, the source or budget methodology for each item included in the 2022 forecasted Income Statement. Document Nos. 4 and 5 of my exhibit provide the same information for forecasted 2021 and actual 2020, in the same format as Document No. 2 of my exhibit.

Q. In your opinion, does Tampa Electric’s 2022 Forecasted Income Statement fairly and reasonably reflect the revenues and expenses expected for the company in 2022?

A. Yes. The 2022 Forecasted Income Statement is based on supportable levels of revenues and expenses, with expenditures reflecting appropriate and necessary projects and activities at reasonable and prudent cost levels.

2022 RATE BASE

Q. Is the rate base that supports the revenue requirement calculation reasonable?

A. Yes. The projected rate base reflects appropriate amounts of net plant in service and working capital forecasted in the company's budgeted balance sheet. Tampa Electric projects the amount of rate base in the 2022 test year that is needed for reasonable, prudent investments and spending on assets that are used and useful in providing reliable electric service to our customers. Tampa Electric witnesses David A. Pickles, J. Brent Caldwell, Jose A. Aponte, C David Sweat, Regan B. Haines, Melissa L. Cosby, Karen M. Mincey, and Mr. Chronister address specific portions of our rate base growth in their direct testimony and explain why our rate base amounts for the 2022 test year are reasonable. FPSC Adjusted rate base reflects reasonable amounts for adjustments previously approved by the Commission.

Q. Is the company making any accounting policy changes in 2021 or 2022 that will affect rate base amounts for those years?

A. No. See MFR schedule B-25.

Q. Did the company include AFUDC-eligible construction work in progress ("CWIP") in rate base for the 2022 test year?

A. No. See MFR schedule B-14.

Q. Did the company adjust fuel inventory per books to reflect the 13-month average of 98-daily average burn standard used in the company's last rate case?

A. No. The company did not make that adjustment for the reasons explained in the direct testimony of Tampa Electric witness John C. Heisey. Our proposed level of fuel inventory by plant for the test year is shown on MFR Schedule B-18.

Q. Please describe the Commission adjustments to rate base shown in MFR Schedules B-1, B-2, B-6, and B-17.

A. The Commission adjustments to rate base, as shown in MFR Schedules B-1, B-2, B-6, and B-17, reflect Commission directives, policies, and decisions from previous rate proceedings. Specifically, these adjustments include: (1) removing the effect of items recoverable through the cost recovery clauses from net plant-in-service, (2) removing balances that earn allowance for funds used during construction ("AFUDC") from construction work in progress ("CWIP"), (3) removing the effect of items for which a return is provided elsewhere from working capital, such as deferred debits for clause-related under-recovery balances, (4) removing from net plant-in-service and working capital the right-of-use assets and liabilities for lease obligations, and (5) removing the effect of items that have been deemed non-utility or non-recoverable through retail base rates from rate base.

Q. After applying these adjustments, what is the total for the 13-month average rate base?

A. The jurisdictional adjusted 13-month average rate base, considering all of the adjustments and after applying the jurisdictional separation factors provided by Mr. Vogt, is $7,931,177,000 and is shown on MFR Schedule B-1.

NET OPERATING INCOME

Q. Is the net operating income that supports the revenue requirement calculation reasonable?

A. Yes. The projected net operating income reflects appropriate amounts of revenue and expense forecasted in the company's budgeted income statement. Tampa Electric projects the amount of net operating income in the 2022 test year that is associated with the transactions and activities engaged in to provide reliable electric service to our customers. Tampa Electric witnesses David A. Pickles, C David Sweat, Regan B. Haines, Melissa L. Cosby, Karen M. Mincey, Marian Cacciatore, David Avellan and Mr. Chronister address specific portions of our net operating income in their direct testimony and explain why our net operating income amounts for the 2022 test year are reasonable. The FPSC Adjusted net operating income shown on MFR Schedule C-1 reflects reasonable amounts for adjustments previously approved by the Commission.

Q. Did the company include lobbying expenses, other political expenses, or civic/charitable contributions when it calculated net operating income for the 2022 test year?

A. No. See MFR schedule C-18.

Q. From 2018 to 2020, did the company have gains or losses on the disposition of plant and property previously used to provide electric service?

A. No. See MFR schedule C-29.

Q. For 2021 and 2022, does the company project to have gains or losses on the disposition of plant and property previously used to provide electric service?

A. No. See MFR schedule C-29.

Q. What Allowance for Funds Used During Construction ("AFUDC") rate did the company use for qualifying projects in 2020, 2021, and the projected 2022 test year?

A. The company used the existing, approved 2014 AFUDC rates for qualifying projects in 2020, 2021, and the projected 2022 test year. An AFUDC rate change docket will be filed once the Actual Surveillance Report is produced using the December 31, 2021 books with a retroactive effective date of implementation being January 1, 2022.

Q. Please explain further the income tax true up for interest synchronization.

A. After we made the adjustments to rate base, as described above, we adjusted income tax expense to reflect the appropriate amount of interest expense based on the amount and cost of debt in the capital structure that was synchronized to the rate base.

Q. Did the company make a parent debt adjustment as contemplated in Rule 25-14.004, F.A.C.?

A. Yes. This adjustment is explained in the direct testimony of Mr. Chronister and is reflected on MFR Schedule C-3.

Q. Please describe the Commission adjustments the company made to Net Operating Income as shown in MFR Schedules C-1, C-2, C-3, C-4, and C-5.

A. The Commission adjustments described in MFR Schedules C-1, C-2, C-3, C-4, and C-5 reflect Commission directives, policies, and decisions from previous rate proceedings. Specifically, these adjustments include: (1) removing the revenues and expenses which are recoverable through the five cost recovery clauses, (2) removing franchise fee revenues and expenses, (3) removing gross receipts tax revenues and expenses, (4) the income tax true-up for interest synchronization, (5) a parent debt adjustment, and (6) removal of expenses that have been deemed non-utility or non-recoverable through retail base rates. Examples of these items include stockholder relations expenses and portion of industry association dues.

Q. After applying these adjustments, what is the total net operating income?

A. The jurisdictional adjusted net operating income, taking into account all the adjustments and after applying the jurisdictional separation factors provided by Mr. Vogt, is $309,380,000 and is shown on MFR Schedule C-1.

REVENUE REQUIREMENT

Q. How did the company calculate the amount of the revenue requirement increase it is requesting in this case?

A. Our total revenue requirement is the sum of the required return on our rate base plus the costs of providing electric service, grossed up for taxes and is shown on MFR Schedule A-1.

We calculated our requested increase by comparing the projected net operating income for 2022 to the net operating income that resulted from multiplying the 2022 13-month average rate base to the 2022 weighted average cost of capital, as shown on MFR Schedule A-1.

The 2022 System Per Books net operating income, 13-month average rate base, and capital structure calculations, as reflected in our MFR schedules, were based on Tampa Electric’s 2022 budgeted Income Statement, Balance Sheet and Statement of Cash Flows.

We then made regulatory adjustments to the system per books amounts for net operating income, rate base and capital structure. These regulatory adjustments include two types: (1) those that are necessary to comply with Commission directives, policies and decisions (“Commission adjustments”) and (2) those that are necessary to produce a test year that is indicative of ongoing revenue and expenditure levels (“company pro forma adjustments”). These adjustments are discussed in detail in the Rate Base and Net Operating income sections above. We then applied the jurisdictional separation factors, supported in the direct testimony of Tampa Electric witness Lawrence J. Vogt, to derive the jurisdictional amounts upon which the revenue requirement is calculated.

As shown on MFR Schedule A-1, we first applied the 6.67 percent required cost of capital to the jurisdictional adjusted average rate base of $7,931,177,000. resulting in a required jurisdictional net operating income of $529,010,000. Comparing the required jurisdictional net operating income to the jurisdictional net operating income based on the company’s 2022 projected test year of $309,380,000 without a base rate increase, we calculated the net operating income deficiency for 2022 to be $219,629,000. After grossing this amount up for taxes, we computed our jurisdictional revenue deficiency for 2022 to be $294,995,000.

Q. Please describe the capital structure adjustments made in the revenue requirement calculation.

A. We made capital structure adjustments based on Commission precedent, shown on MFR Schedule D-1a. First, we removed the over/under-recovery amounts for our cost recovery clauses from short-term debt and deferred taxes because these are the components of the capital structure that are affected by the difference between the clause expense incurred and the clause revenues collected. We then performed the deferred income tax specific/pro rata adjustment over all sources except for tax credits. The deferred income tax adjustment calculation is illustrated in Exhibit No. 7 in the direct testimony of Mr. Chronister. Lastly, we used the traditional pro rata approach for the remaining adjustments, such as removing CWIP and rate base items associated with the cost recovery clauses.

Q. Did Tampa Electric make any company pro forma adjustments to calculate its 2022 revenue requirement?

A. No. The company did not make any pro forma adjustments to its 2022 revenue requirement.

Q. Has the company properly reflected the impact of accounting pronouncements that were issued since the company's last rate proceeding?

A. Yes. The Financial Accounting Standards Board's Accounting Standards Updates and other accounting guidance have been properly reflected in the company's actual books and records.

It should be noted that ASC 842, on accounting for leases became effective in January 2019 for public companies with a calendar year-end. The standard requires leases to be recognized on the balance sheet for all agreements with a term of longer than twelve months and disclose key information about leasing arrangements. Our adoptions of

ASC 842 did not affect the revenue requirement calculations, because we made an FPSC adjustment to remove the lease impacts from rate base, as presented in MFR Schedule B-2.

Q. Did the company include rate proceeding expenses in the revenue requirement?

A. Yes. The company included rate proceeding expense in its 2022 budget based on an amortization over a four-year period starting in January 2022. As detailed in MFR Schedule C-10, the company included $604,250 of rate proceeding expense in the 2022 test year, which represents one fourth of the $2,417,000 total anticipated rate proceeding expenditures. The company's projected rate case expenses, proposed recovery period and proposed test year amount are reasonable.

Q. Does the company have any non-utility operations that use all or part of any utility plant that are not included in MFR schedule C-31?

A. No. See MFR schedule C-32.

Q. What revenue expansion factor did the company use to calculate its proposed rate increase?

A. The company's proposed revenue expansion factor is 1.34315, as shown on MFR schedule C-44 and was calculated using the regulatory assessment fee of 0.072 percent, a bad debt rate of 0.2 percent, and state and federal income tax rates of 5.5 and 21.0 percent, respectively as discussed in the direct testimony of Mr. Chronister.

Q. Is the company's revenue requirement calculation reasonable?

A. Yes. The revenue requirement calculation described above reflects reasonable amounts of rate base and net operating income and a reasonable rate of return, all of which reflect appropriate amounts for adjustments approved by the Commission in prior rate cases. All forecasted amounts included in the revenue requirement calculation are reasonable and prudent amounts associated with providing electric service in 2022.

SUMMARY

Q. Please summarize your direct testimony.

A. Tampa Electric's requested rate increase is based on a 2022 projected test year. This test year is appropriate as it reflects the conditions under which Tampa Electric will operate in the future, plus our anticipated capital and operating costs when new rates go into effect. This test year reflects the required level of revenues necessary to recover the costs to serve customers, including a reasonable return on investments to provide this service.

The financial data presented in the MFR schedules and as discussed in the direct testimony and exhibits of the company's witnesses, are based on the books and records of the company and accurately represent historical, current, and projected activities and their associated expenditures and assumptions.

The 2022 budget was prepared using an integrated process that considers planned projects and activities of the company along with economic and financial conditions. Our plans are based on the company's obligation to serve and expectations of our customers and other constituents. Our budget is reasonable and considers cost-effective ways to provide customers with reliable service.

Tampa Electric's 2022 Budgeted Income Statement and monthly Balance Sheet are the starting points for calculating the revenue requirement since these forecasted financial statements are the basis for the System Per Books Net Operating Income as well as the 13-month average Rate Base and Capital Structure.

To calculate the FPSC Adjusted Net Operating Income, Rate Base, and Capital Structure, the company made certain regulatory adjustments to the System Per Books amounts. After these adjustments were made, jurisdictional separation factors were applied to System Per Books amounts to derive the jurisdictional amounts upon which the revenue requirement is calculated. Finally, my direct testimony details the company's calculation of the revenue requirement in this case. As shown on MFR Schedule A-1, after adjusting for taxes, there is a jurisdictional revenue deficiency of $295,995,000 million dollars for 2022.

Q. Does this conclude your direct testimony?

A. Yes, it does.

EXHIBIT

OF

A. SLOAN LEWIS

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TAMPA ELECTRIC COMPANY
DOCKET NO. 20210034-EI
EXHIBIT NO. ASL-1
WITNESS: LEWIS
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FILED: 04/09/2021

LIST OF MINIMUM FILING REQUIREMENT SCHEDULES

SPONSORED OR CO-SPONSORED BY A. SLOAN LEWIS

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A-04	Interim Revenue Requirements Increase Requested
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B-02	Rate Base Adjustments
B-03	13 Month Average Balance Sheet - System Basis
B-04	Two Year Historical Balance Sheet
B-05	Detail Of Changes In Rate Base
B-06	Jurisdictional Separation Factors-Rate Base
B-07	Plant Balances By Account And Sub-Account
B-08	Monthly Plant Balances Test Year-13 Months
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B-11	Capital Additions And Retirements
B-12	Production Plant Additions
B-13	Construction Work In Progress
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MFR Schedule	Title
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B-17	Working Capital-13 Month Average
B-18	Fuel Inventory By Plant
B-19	Miscellaneous Deferred Debits
B-20	Other Deferred Credits
B-21	Accumulated Provision Accounts-228.1 228.2 And 228.4
B-22	Total Accumulated Deferred Income Taxes
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C-05	Operating Revenues Detail
C-06	Budgeted Versus Actual Operating Revenues And Expenses

MFR Schedule	Title
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C-09	Five Year Analysis-Change In Cost
C-10	Detail Of Rate Case Expenses For Outside Consultants
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E-12	Adjustment To Test Year Revenue
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FORECASTED INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2022
($000)

Line No.		
	OPERATING REVENUES	
1	Total Sale of Electricity	$ 1,938,216
2	Provision for Refund	-
3	Other Operating Revenues	42,405
	Total Operating Revenues	1,980,621
	OPERATING EXPENSES	
4	Operation-Fuel	530,995
5	-Purchased Power	4,436
6	-Other & Maintenance	420,275
7	Depreciation & Amortization	488,022
8	Taxes-Other	184,633
9	Gain on Disposal Property	-
10	Total Operating Expenses	1,628,362
11	Total Operating Income	352,259
	OTHER INCOME AND (DEDUCTIONS)	
12	Allowance for Other Funds	26,916
13	Miscellaneous Other Income/(Deductions)	745
14	OTHER INCOME AND (DEDUCTIONS)	27,660
15	INCOME BEFORE INTEREST AND TAXES	379,919
	INTEREST EXPENSE	
16	Interest on Long-Term Debt	131,063
17	Amortization Premium/Discount	2,430
18	Interest on Short-Term Debt	2,783
19	Other Interest Expense	2,585
20	Allowance for Borrowed Funds	(12,918)
21	Total Interest Expense	125,943
22	INCOME BEFORE INCOME TAXES	253,975
23	Income Taxes	21,243
24	NET INCOME	$ 232,732

Totals may not foot due to rounding.

FORECASTED
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
	OPERATING REVENUES			
1	Sales of Electricity	Base Revenues	$ 1,167,433	Sales of Electricity and its component parts are derived by taking the Customer,
		Fuel Revenues	548,553	Demand and Energy Forecast and applying FPSC approved tariff rates. Additional
		Capacity Revenues	(928)	details can be found in witness Cifuentes Testimony.
		Conservation Revenues	44,471	
		Environmental Revenues	49,410	
		SPPCRC Revenues	45,563	
		Optional Provision Revenues	-	
		Franchise Revenues	48,624	
		Gross Receipt Revenues	45,565	
		Interchange Sales	1,855	
		Wholesale Sales	-	
		Deferred Fuel Revenues	(13,581)	Deferred Fuel Revenue is calculated by comparing billed fuel revenues to recoverable fuel and purchased power expenses, over-recoveries are deferred in accordance with current FPSC and FERC policy.
		Deferred Capacity Revenues	18	Deferred Capacity Revenue is calculated by comparing billed capacity revenues to recoverable capacity expenses, over-recoveries are deferred in accordance with current FPSC and FERC policy.
		Deferred Conservation Revenues	689	Deferred Conservation Revenue is calculated by comparing billed conservation revenues to recoverable conservation expenses, over-recoveries are deferred in accordance with current FPSC and FERC policy.
		Deferred Environmental Revenues	913	Deferred Environmental Revenue is calculated by comparing billed environmental revenues to recoverable environmental expenses, over-recoveries are deferred in accordance with current FPSC and FERC policy.
		Deferred Storm Protection Plan Revenues	(334)	Deferred Storm Protection Plan revenue is calculated by comparing billed storm protection plan revenues to recoverable storm protection plan expenses, over-recoveries are deferred in accordance with current FPSC and FERC policy.
		Unbilled Revenues	(35)	Unbilled Revenues are derived by taking the changes in the unbilled revenue balances for December 31, of the prior year compared to December 31, of the budgeted year.
	Total Sales of Electricity		1,938,216	

FORECASTED
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
2	Other Operating Revenues	Misc Service Revenues	19,290	Misc Service Revenues are budgeted using various techniques. Certain items are budgeted using historical amounts and activities combined with customer growth projections (ie returned checks and late fees). Other items are budgeted using historical activities combined with planned deployment of department resource projections (ie. reconnect fees, turn-on fees, and field credit checks). Note: Certain items were reduced based on projected impacts of AMI cost of service, see additional discussion within my testimony.
		Rent from Electric Property	13,935	Rent from electric property is primarily budgeted based on existing contracts. In addition, the company budgets rent revenues from asset usage fees which are based on affiliate usage of shared technology assets.
		Other Electric Revenues	9,179	Other Electric Revenues are budgeted using various techniques. Certain items are budgeted based on existing contracts and expected activities for the year (ie. Point-to-Point transmission revenues). Other items are based on long-term firm transmission reservations, past history of short term purchases, and current transmission rates (ie wheeling). Finally, some items are based on projected by-product volumes and predicted asset optimization activities (ie by-product sales and Asset Optimization Mechanism)
			42,405	
	Total Operating Revenues		1,980,621	

FORECASTED
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
	OPERATING EXPENSES			
3		Operation-Fuel	530,995	Operation-Fuel Expense is derived from the Fuel and Interchange Budget. Deferred Fuel Expense is calculated by comparing billed fuel revenues to recoverable fuel expenses, under-recoveries are deferred in accordance with current FPSC and FERC policy.
4		Purchased Power	4,436	Purchase Power Expense is derived from the fuel and interchange budget.
5		Other & Maintenance	420,275	Operation and Maintenance Expense is budgeted based on detailed projected activities and projects for each operating department throughout the Company. Deferred Environmental, Conservation and Storm Protection Plan Expense are calculated by comparing the respective clause revenue to the recoverable clause expenses, under-recoveries are deferred in accordance with current FPSC and FERC policy.
6		Depreciation & Amortization	488,022	Depreciation and Amortization Expense is computed by applying the rates from the company's 2020 depreciation and dismantlement study filing, in Docket No. 20200264-EI to the January 1, 2022 beginning monthly plant-in-service balances on an account/subaccount basis in the same manner that actual depreciation and amortization expense is computed. In addition, the depreciation expense includes the associated amortization impacts of the Cost Recovery Schedules requested in the company's 2020 depreciation and dismantlement study filing.
7		Taxes-Other	184,633	Taxes - Other is budgeted using various techniques. Certain items are calculated using fixed or set rates (ie. Regulatory Assetment Fees, Gross Receipts Tax, Franchise Fee). Other items are derived from other operational assumptions and tax rates are applied (property taxes and payroll taxes)
8	Total Operating Expenses		1,628,362	
9	Total Operating Income		352,259	

FORECASTED
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
	OTHER INCOME AND (DEDUCTIONS)			
10	Allowance for Other Funds		26,916	Allowance for Funds Used During Construction (AFUDC) is estimated by applying the last FPSC approved AFUDC rate in Docket No. 140033-EI, Order No. PSC-14-0176-PAAA-EI to the average monthly balances of eligible Construction Work in Progress (CWIP). The split between "Borrowed Funds" and "Other Funds" is based on the ratio of debt and other sources of funds used in arriving at the overall AFUDC rate.
11	Miscellaneous Other Income/(Deductions)		745	Miscellaneous Other Income/Deductions consists of Zap Cap revenue and expense, charitable contributions, dues and expenditures for certain civic related activities. Zap Cap revenues/expense are created based on sales expectations (marketing efforts, weather, and sales trends), product price, and program expense expectations (labor, depreciation, marketing, I/T, etc.). Charitable contributions, dues and expenditures for certain related activities are based on historical levels. Also included are amortizations of the gains of sales related to property held for future use.
12	OTHER INCOME AND (DEDUCTIONS)		27,660	
13	INCOME BEFORE INTEREST AND TAXES		379,919	

FORECASTED
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
	INTEREST EXPENSE			
14	Interest on Long-Term Debt		131,063	Interest Expense on long-term debt is estimated based on embedded cost rates for long-term debt outstanding at each month-end of the budgeted period.
15	Amortization Premium/Discount		2,430	Amortization of discounts & premiums have been computed using the required monthly amortization schedules to project future debt expense.
16	Interest on Short-Term Debt		2,783	Interest expense on short-term debt is estimated by applying the projected cost rate to the average balance outstanding each month of the budgeted period. The average balance each month is the result of the company's cash requirements net of internally generated funds plus long-term financing. The cost rate is supplied by the Treasury Department as part of the budget year financing plan.
17	Other Interest Expense		2,585	Other Interest Expense is primarily related to Customer Deposit Interest. Customer Deposit Interest is budgeted based on projected Customer Deposit balances and applying FPSC approved rates to residential and non-residential customer deposits.
18	Allowance for Borrowed Funds		(12,918)	The calculation of allowance for borrowed funds used during construction is discussed with previous comments on AFUDC - Other Funds, shown on Line 10.
19	Total Interest Expense		125,943	
20	INCOME BEFORE INCOME TAXES		253,975	
21	Income Taxes		21,243	Income Tax Expense is broken down between several components. Current Federal and State income tax expense is computed based on budgeted income before taxes, adjusted for any estimated permanent and timing differences defined under IRS Treasury Regulations, times the current statutory rates. The income tax provision is determined using a comprehensive inter-period income tax allocation where each dollar of revenue and each dollar of expense have inherent tax consequences. Deferred taxe is provided for all budgeted timing differences in the forecast period. Investment tax credits deferred from prior years are amortized ratably based on book lives.
22	NET INCOME		$ 232,732	

Totals may not foot due to rounding.

FORECASTED INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2021
($000)

Line No.		
	OPERATING REVENUES	
1	Total Sale of Electricity	$ 1,985,341
2	Provision for Refund	-
3	Other Operating Revenues	48,032
	Total Operating Revenues	2,033,373
	OPERATING EXPENSES	
4	Operation-Fuel	583,875
5	-Purchased Power	16,920
6	-Other & Maintenance	420,706
7	Depreciation & Amortization	374,738
8	Taxes-Other	182,173
9	Gain on Disposal Property	-
10	Total Operating Expenses	1,578,412
11	Total Operating Income	454,961
	OTHER INCOME AND (DEDUCTIONS)	
12	Allowance for Other Funds	39,627
13	Miscellaneous Other Income/(Deductions)	(1,279)
14	OTHER INCOME AND (DEDUCTIONS)	38,348
15	INCOME BEFORE INTEREST AND TAXES	493,309
	INTEREST EXPENSE	
16	Interest on Long-Term Debt	122,971
17	Amortization Premium/Discount	2,552
18	Interest on Short-Term Debt	4,018
19	Other Interest Expense	2,601
20	Allowance for Borrowed Funds	(19,019)
21	Total Interest Expense	113,123
22	INCOME BEFORE INCOME TAXES	380,186
23	Income Taxes	51,015
24	NET INCOME	$ 329,171

Totals may not foot due to rounding.

ACTUAL INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2020
($000)

Line No.		
	OPERATING REVENUES	
1	Total Sale of Electricity	$ 1,804,540
2	Provision for Refund	(4,046)
3	Other Operating Revenues	48,802
	Total Operating Revenues	1,849,296
	OPERATING EXPENSES	
4	Operation-Fuel	345,079
5	-Purchased Power	83,333
6	-Other & Maintenance	394,826
7	Depreciation & Amortization	338,046
8	Taxes-Other	160,485
9	Gain on Disposal Property	-
10	Total Operating Expenses	1,321,769
11	Total Operating Income	527,527
	OTHER INCOME AND (DEDUCTIONS)	
12	Allowance for Other Funds	27,140
13	Miscellaneous Other Income/(Deductions)	(2,843)
14	OTHER INCOME AND (DEDUCTIONS)	24,297
15	INCOME BEFORE INTEREST AND TAXES	551,824
	INTEREST EXPENSE	
16	Interest on Long-Term Debt	116,262
17	Amortization Premium/Discount	2,423
18	Interest on Short-Term Debt	4,437
19	Other Interest Expense	3,517
20	Allowance for Borrowed Funds	(13,026)
21	Total Interest Expense	113,612
22	INCOME BEFORE INCOME TAXES	438,212
23	Income Taxes	66,285
24	NET INCOME	$ 371,927

Totals may not foot due to rounding.

TAMPA ELECTRIC COMPANY
DOCKET NO. 20210034-EI
EXHIBIT NO. ASL-1
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FORECASTED
MONTHLY BALANCE SHEET
2022
ASSETS
($000)

Line No.		BUDGET Dec 2021	BUDGET Jan 2022	BUDGET Feb 2022	BUDGET Mar 2022	BUDGET Apr 2022	BUDGET May 2022	BUDGET Jun 2022	BUDGET Jul 2022	BUDGET Aug 2022	BUDGET Sep 2022	BUDGET Oct 2022	BUDGET Nov 2022	BUDGET Dec 2022	13 MONTHS AVERAGE
1	Utility Plant in Service	10,730,598	10,752,731	10,772,837	10,811,096	10,840,090	10,893,687	10,949,291	10,970,785	10,996,581	11,037,164	11,080,532	11,326,601	11,987,412	11,011,493
2	Accumulated Depreciation	(2,545,691)	(2,577,943)	(2,610,914)	(2,637,177)	(2,667,491)	(2,690,733)	(2,715,956)	(2,748,853)	(2,780,960)	(2,811,403)	(2,840,295)	(2,863,889)	(2,881,448)	(2,720,981)
	Net Utility Plant in Service	8,184,907	8,174,788	8,161,923	8,173,919	8,172,599	8,202,955	8,233,335	8,221,931	8,215,621	8,225,761	8,240,236	8,462,712	9,105,965	8,290,512
3	Construction Work in Progress	700,742	745,777	789,394	828,685	871,237	892,354	956,380	1,001,830	1,042,920	1,074,758	1,083,671	887,149	281,903	858,215
	Total Net Utility Plant	8,885,649	8,920,565	8,951,317	9,002,603	9,043,836	9,095,309	9,189,715	9,223,761	9,258,541	9,300,520	9,323,907	9,349,861	9,387,867	9,148,727
	Other Property & Investments														
4	Other Investments & Special Funds														
5	Non-Utility Plant-Net	7,193	7,212	7,230	7,247	7,264	7,281	7,297	7,312	7,327	7,342	7,355	7,369	7,381	7,293
	Total Other Property & Investments	7,193	7,212	7,230	7,247	7,264	7,281	7,297	7,312	7,327	7,342	7,355	7,369	7,381	7,293
	Current Assets														
6	Cash and Cash Equivalents	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
7	Funds Held By Trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Working Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Special Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Accounts Receivable From:														
10	Customers	111,764	107,469	107,485	102,629	107,451	116,581	140,320	141,528	130,841	158,163	133,065	121,235	109,196	122,133
11	Associated Companies	18,171	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,769
12	Unbilled Utility Revenues	58,258	56,017	51,768	54,217	58,331	67,282	69,527	71,389	75,397	68,622	63,226	56,430	58,223	62,207
13	Interchange Sales & Other	4,500	821	814	817	824	817	802	800	806	798	831	817	821	1,098
14	Fuel Stock	21,200	21,646	20,091	21,821	22,883	25,127	23,112	22,866	21,193	19,648	21,001	20,235	21,059	21,683
15	Other Plant Materials & Supplies	108,100	108,862	108,962	109,062	109,262	109,462	109,562	109,662	109,762	109,862	109,762	109,662	109,562	109,350
16	Prepayments	14,994	9,416	6,666	25,016	20,881	17,186	30,262	26,758	23,223	22,473	19,671	15,893	14,027	18,959
17	Derivative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Current Assets	337,987	322,966	314,520	332,297	338,368	355,189	392,320	391,738	379,956	398,301	366,291	343,006	331,622	354,197
	Other Assets:														
18	Unamortized Debt Expense	29,845	29,667	29,489	29,311	29,133	28,974	32,057	31,889	31,722	31,555	31,402	31,267	31,132	30,572
19	Miscellaneous Deferred Debits	13,244	14,056	14,251	12,648	12,796	12,916	9,790	9,935	10,517	10,378	10,697	10,851	11,024	11,777
20	Other Regulatory Assets	414,227	415,913	419,149	422,633	425,528	427,021	426,223	425,833	426,349	423,460	424,874	434,408	439,705	425,025
21	Deferred Income Tax	749,331	755,835	767,636	774,458	778,616	779,001	777,974	774,941	772,098	770,634	771,800	833,200	864,764	782,330
22	Long Term Derivative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Other														
	Total Other Assets	1,206,647	1,215,471	1,230,526	1,239,050	1,246,072	1,247,912	1,246,044	1,242,598	1,240,686	1,236,026	1,238,773	1,309,726	1,346,625	1,249,704
	TOTAL ASSETS	**10,437,477**	**10,466,214**	**10,503,593**	**10,581,197**	**10,635,541**	**10,705,691**	**10,835,375**	**10,865,410**	**10,886,511**	**10,942,188**	**10,936,327**	**11,009,962**	**11,073,495**	**10,759,922**

FORECASTED
MONTHLY BALANCE SHEET
2022
CAPITALIZATION & LIABILITIES
($000)

Line No.		BUDGET 2021	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	BUDGET 2022	13 MONTHS AVERAGE
	Common Stock														
24	Shares Outstanding - 10	119,697	119,697	119,697	119,697	119,697	119,697	119,697	119,697	119,697	119,697	119,697	119,697	119,697	119,697
25	Misc Paid in Capital	3,685,840	3,685,840	3,755,840	3,755,840	3,755,840	3,835,840	3,835,840	3,835,840	3,945,840	3,945,840	3,945,840	4,055,840	4,055,840	3,853,533
26	Retained Earnings	198,683	211,478	154,495	155,161	169,878	173,791	203,475	237,375	202,416	237,014	259,798	167,323	173,153	195,695
27	Capital Stock Issuance Expense	(701)	(701)	(701)	(701)	(701)	(701)	(701)	(701)	(701)	(701)	(701)	(701)	(701)	(701)
28	Accum. Other Compre. Inc.	(788)	(780)	(771)	(763)	(755)	(747)	(739)	(731)	(722)	(714)	(706)	(698)	(690)	(739)
	Total Common Equity	4,002,732	4,015,535	4,028,560	4,029,234	4,043,959	4,127,880	4,157,573	4,191,480	4,266,530	4,301,136	4,323,928	4,341,461	4,347,299	4,167,485
29	Long-Term Debt	3,126,725	3,126,757	3,126,788	3,126,819	3,126,851	3,126,882	3,451,913	3,451,945	3,451,976	3,227,007	3,227,036	3,227,065	3,227,094	3,232,681
	Total Capitalization	7,129,457	7,142,291	7,155,348	7,156,053	7,170,809	7,254,762	7,609,486	7,643,425	7,718,506	7,528,143	7,550,964	7,568,526	7,574,393	7,400,166
	Current Liabilities:														
30	Notes Payable:	320,084	300,963	334,460	374,170	397,219	377,605	154,832	125,043	46,995	275,603	227,900	304,787	340,329	275,384
	Other														
31	Current Portion of Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Vouchers Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Other Payables & Deposits	172,961	189,417	163,256	175,588	172,130	181,083	191,502	194,561	195,568	198,787	193,931	188,044	197,727	185,735
34	Customer Deposits	104,231	104,274	104,318	104,361	104,404	104,448	104,491	104,535	104,579	104,622	104,666	104,709	104,753	104,492
35	Taxes Accrued	8,516	13,348	18,958	24,990	31,455	38,382	45,730	52,248	58,345	64,787	70,087	1,283	7,038	33,474
	Interest Accrued:														
36	Long-Term Debt	10,955	21,557	32,157	39,832	50,432	35,865	11,403	22,897	34,391	42,717	53,723	39,563	9,698	31,169
37	Other	355	(60)	(253)	(422)	(585)	(782)	(1,037)	(1,289)	(1,515)	(1,673)	(1,814)	(2,003)	194	(837)
38	Dividends Declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Accrued Vacation Pay	25,296	25,244	25,288	25,332	25,376	25,420	25,464	25,508	25,552	25,596	25,640	25,684	25,598	25,461
40	Derivative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Other Misc. Liabilities	52,472	53,078	46,072	51,371	51,199	52,017	53,444	53,873	54,209	55,390	54,517	53,735	54,184	52,735
	Total Current Liabilities	694,871	707,820	724,255	795,222	831,630	814,038	585,829	577,376	518,124	765,828	728,649	715,801	739,520	707,613
	Other Liabilities:														
42	Other Deferred Credits	233,007	234,438	234,149	230,610	230,320	230,029	230,701	230,409	230,116	230,961	230,667	230,373	231,217	231,308
43	Asset Retirement Obligation	40,146	40,288	40,430	40,573	40,716	40,861	41,006	41,151	41,298	41,445	41,593	41,742	41,891	41,011
44	Other Regulatory Liabilities	601,623	593,104	587,688	591,075	586,204	582,206	576,616	573,793	571,298	559,468	560,167	570,116	572,829	578,937
45	Long Term Derivative	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Investment Tax Credits	301,697	300,764	299,832	298,899	297,966	297,033	296,100	295,167	294,235	293,302	292,369	335,337	354,061	304,366
47	Deferred Income Taxes	1,380,049	1,390,859	1,405,221	1,412,071	1,421,178	1,430,022	1,438,874	1,447,303	1,456,126	1,466,209	1,475,063	1,491,190	1,502,683	1,439,758
48	Reserve for Injuries & Damages	56,626	56,649	56,671	56,694	56,717	56,740	56,763	56,786	56,809	56,832	56,854	56,877	56,900	56,763
	Total Other Liabilities	2,613,148	2,616,102	2,623,990	2,629,922	2,633,101	2,636,891	2,640,061	2,644,610	2,649,881	2,648,216	2,656,713	2,725,635	2,759,582	2,652,143
	TOTAL CAPITALIZATION & LIABILITIES	**10,437,477**	**10,466,214**	**10,503,593**	**10,581,197**	**10,635,541**	**10,705,691**	**10,835,375**	**10,865,410**	**10,886,511**	**10,942,188**	**10,936,327**	**11,009,962**	**11,073,495**	**10,759,922**

Totals may not foot due to rounding.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
ASSETS
($000)

Line No.		
1	Utility Plant in Service	11,011,493
2	Accumulated Depreciation	(2,720,981)
	Net Utility Plant in Service	8,290,512
3	Construction Work in Progress	858,215
	Total Net Utility Plant	9,148,727
	Other Property & Investments	
4	Other Investments & Special Funds	-
5	Non-Utility Plant-Net	7,293
	Total Other Property & Investments	7,293
	Current Assets	
6	Cash and Cash Equivalents	1,000
7	Funds Held By Trustee	-
8	Working Funds	-
9	Special Deposits	-
	Accounts Receivable From:	-
10	Customers	122,133
11	Associated Companies	17,769
12	Unbilled Utility Revenues	62,207
13	Interchange Sales & Other	1,098
14	Fuel Stock	21,683
15	Other Plant Materials & Supplies	109,350
16	Prepayments	18,959
17	Derivative	-
	Total Current Assets	354,197
	Other Assets:	
18	Unamortized Debt Expense	30,572
19	Miscellaneous Deferred Debits	11,777
20	Other Regulatory Assets	425,025
21	Deferred Income Tax	782,330
22	Long Term Derivative	-
23	Other	-
	Total Other Assets	1,249,704
	TOTAL ASSET	**10,759,922**

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
CAPITALIZATION & LIABILITIES
($000)

Line No.		
	Common Stock	
24	Shares Outstanding - 10	119,697
25	Misc Paid in Capital	3,853,533
26	Retained Earnings	195,695
27	Capital Stock Issuance Expense	(701)
28	Accum. Other Compre. Inc.	(739)
	Total Common Equity	4,167,485
29	Long-Term Debt	3,232,681
	Total Capitalization	7,400,166
	Current Liabilities:	
30	Notes Payable:	275,384
	Other	-
31	Current Portion of Long-Term Debt	-
32	Vouchers Payable	-
33	Other Payables & Deposits	185,735
34	Customer Deposits	104,492
35	Taxes Accrued	33,474
	Interest Accrued:	
36	Long-Term Debt	31,169
37	Other	(837)
38	Dividends Declared	-
39	Accrued Vacation Pay	25,461
40	Derivative	-
41	Other Misc. Liabilities	52,735
	Total Current Liabilities	707,613
	Other Liabilities:	
42	Other Deferred Credits	231,308
43	Asset Retirement Obligation	41,011
44	Other Regulatory Liabilities	578,937
45	Long Term Derivative	-
46	Investment Tax Credits	304,366
47	Deferred Income Taxes	1,439,758
48	Reserve for Injuries & Damages	56,763
	Total Other Liabilities	2,652,143
	TOTAL CAPITALIZATION & LIABILITIES	**10,759,922**

Totals may not foot due to rounding.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
1	Utility Plant in Service		11,011,493	The projected balance for utility plant in service is derived by taking the forecasted ending balances as of the prior year-end, adding plant additions expected to be placed in-service and subtracting expected plant retirements. The amount shown for plant held for future use is derived by adding expected purchases to the forecasted ending balance as of the prior year.
2	Accumulated Depreciation		(2,720,981)	The projected balance for accumulated depreciation and amortization is derived by adding monthly depreciation expense computed based on monthly depreciable plant-in-service balances to the balance at the forecasted prior year-end, and subtracting the cost of expected plant retirements net of salvage values.
	Net Utility Plant in Service		8,290,512	
3	Construction Work in Progress		858,215	The projected balance for construction work in progress is calculated by adding monthly construction expenditures to the forecasted prior year-end balance and subtracting plant additions expected to be placed in-service. The construction expenditures are supported by detailed projects and activities created by our front-line operational teams.
	Total Net Utility Plant		9,148,727	
	Other Property & Investments			
4	Other Investments & Special Funds		0	
5	Non-Utility Plant-Net		7,293	The amounts for this classification are derived from December 31, 2020 balances, adjusted for estimated additions and retirements by month.
	Total Other Property & Investments		7,293	

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	Budget Methodology / Source
	Current Assets			
6	Cash & Cash Equivalents		1,000	Assumed cash balances are based on minimum cash balances typically maintained.
7	Funds Held By Trustee		0	
8	Working Funds		0	The balance for working funds are assumed to remain constant from the December 31, 2020 balance.
9	Special Deposits		0	The balance for special deposits are assumed to remain constant from the December 31, 2020 balance.
	Accounts Receivable From:			
10	Customers		122,133	Assumed the last three-year average ratio (2020 actual and 2021 & 2022 budget) of monthly revenues billed compared to accounts receivable balances. This ratio is applied to the 2022 monthly revenue budget.
11	Associated Companies		17,769	Based on December 2020 actual balances.
12	Unbilled Utility Revenues		62,207	The unbilled component of the budgeted base revenues is computed using the consumption models discussed in the direct testimony of witness Cifuentes. The consumption models use billing period degree-days and number of days in the billing period as explanatory variables. To estimate unbilled, a second scenario is required, that uses calendar degree-days and number of days in the calendar period as explanatory variables. The difference in these two scenarios results in monthly net unbilled energy. The MWHs for both scenarios are then priced at the current base revenue rates. The difference in these scenarios indicates the amount of net unbilled revenues recorded. To estimate the monthly unbilled revenue balance, the current month's net unbilled revenues is added to the prior month's unbilled balance.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
13	Interchange Sales/Other		1,098	The monthly balances for interchange receivable are based on the current month's interchange sales. It is assumed that each month's sales will be collected in the subsequent month. Other customer receivable is based on December 31, 2020 actuals excluding unusual activities.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	Budget Methodology / Source
14	Fuel Stock		21,683	The projected balances for fuel stock were based on amounts expected to be on hand on December 31, 2020, increased for the projected cost of required monthly deliveries of fuel stock and reduced for the projected cost of fuel burned by plant each month based on the fuel and interchange budget.
15	Other Plant Materials & Supplies		109,350	The balance consists of materials and supplies inventory for general stores issues, major and minor materials, transformers, reclosers, bushings and generation related materials and supplies. Projected inventory reductions are offset by projected increases for new parts for operating areas.
16	Prepayments		18,959	Primarily prepaid insurance, prepaid short-term debt facility fees, and Long Term Service Agreement /Contractual Service Agreements ("LTSA" or "CSA" for Polk units 1-5). The prepaid insurance balance assumes the balance as of December 31, 2020 increased by the expected payments for insurance policy premiums then decreased by the monthly amortization over the life of the policy. Major contributors to the insurance policy premiums are related to excess general liability and property damage insurance. Prepaid short-term debt facility fees assumes the balance as of December 31, 2020 increased by credit facility renewals related to line of credit facility and commercial paper program decreased by amortization over the life of the facility. The LTSA/CSA balances assume the balance as of December 31, 2020 increased by a cash payment made at the beginning of the year then reduced by the cost of O&M and capital related work performed monthly.
17	Derivative		0	Derivatives are based on the current natural gas mark-to-market swaps as of December 31, 2020. Tampa Electric does not currently have any natural gas swaps.
	Total Current Assets		354,197	

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	Budget Methodology / Source
	Other Assets:			
18	Unamortized Debt Expense		30,572	The projected balance for unamortized debt expense was calculated based on required monthly amortization of existing bonds and an estimated issue cost of bonds to be issued in 2022.
19	Miscellaneous Deferred Debits		11,777	This balance consists primarily of deferred under-recovery balances for Fuel & Purchased Power, Capacity, Environmental, Conservation and Storm Protection Plan clauses and the FAS 158 deferred debit is recorded in accordance with FPSC guidance to offset the portion of the pension and postretirement obligation that is required under US GAAP by the accounting rule formerly known as FAS 158. This balance consists of expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation or mandated by regulatory bodies related to plant in service, reduced in the event the construction commences, is abandoned or deemed not attributable construction. In addition the balance reflects miscellaneous deferred debits which are in the process of amortization.
20	Other Regulatory Assets		425,025	Regulatory asset was created as a result of ASC 740, (formally FAS 109 which was originally implemented in 1993). This balance changes by permanent plant differences and plant related AFUDC items.
21	Deferred Income Tax		782,330	The budgeted balances for accumulated deferred income taxes are derived by adding the monthly deferred tax provisions estimated for income statement purposes to the forecast balance at the prior year-end. The monthly provisions are computed on estimates of difference in the recognition of items on income and expense for book versus tax purposes.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
22	Long Term Derivative		0	Derivatives are based on the current natural gas mark-to-market swaps as of December 31, 2020. Tampa Electric does not currently have any natural gas swaps.
23	Other		0	
	Total Other Assets		1,249,704	
	TOTAL ASSETS		10,759,922	

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
	CAPITALIZATION			
	Common Stock			
24	Shares Outstanding - 10		119,697	Emera Incorporated indirectly owns 100% of the common stock of Tampa Electric Company. Assumes no changes in 2022.
25	Miscellaneous Paid in Capital		3,853,533	This balance is derived from the projected prior-year balance, increased by equity contributions forecasted to be made by TECO Energy Inc.
26	Retained Earnings		195,695	Derived by adding to the projected prior-year balance, monthly income projections developed in connection with the budgeted income statement and deducting expected dividend accruals based on the financing plan.
27	Capital Stock Issuance Expense		(701)	Emera Incorporated indirectly owns 100% of the common stock of Tampa Electric Company. Assumes no change in 2022.
28	Accumulated Other Comprehensive Income		(739)	Assumes the after tax loss on the interest rate swap derivative transaction associated with the $250M, $290M, and $230M (Tampa Electric portion) long-term debt issuance in 2012, 2014, and 2015 respectively. This balance is being amortized over the 30-year life of the debt instrument.
	Total Common Equity		4,167,485	

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	Budget Methodology / Source
29	Long-Term Debt		3,232,681	Assumed an additional $325M of debt issuance at 3.3% percent in June 2022, with $3.25 million in associated debt issuance costs partially offset by debt repayment of $225M maturity in September 2022
	Total Long-Term Debt		3,232,681	
	Total Capitalization		7,400,166	
	Current Liabilities:			
30	Notes Payable		275,384	The budgeted balances for notes payable are based on borrowing requirements determined by monthly cash flow requirements net of funds generated plus long-term financing.
31	Current Portion of Long-Term Debt		0	
32	Vouchers Payable		0	
33	Other Payables & Deposits		185,735	Consists of manual accruals, fuel (including natural gas, coal and oil), payables to vendors, payroll and short-term incentives, medical claims for active employees, purchased power accruals and other miscellaneous accruals. Manual accrual balances are based on historical trends and / or a percentage of estimated expenses and capital expenditures. Payroll accrual is calculated using accrual factor based on number of days accrued for each month multiplied by the average monthly budgeted payroll. Fuel and purchased power accruals reflect current month purchases (current month's activity is paid in the subsequent month). Other payable balances are based on historical activities and / or current forecasted activities.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
34	Customer Deposits		104,492	The budgeted balances for customer deposits are calculated by taking the ending balance as of the prior year-end multiplied by a monthly growth factor.
35	Taxes Accrued		33,474	The balance for federal and state income taxes is determined by adding to the forecasted prior year-end balance the monthly budgeted expense developed per the Income Statement, net of payments based on statutory requirements.
	Interest Accrued:			
36	Long-Term Debt		31,169	The budgeted balance for accrued interest is derived by adding monthly interest expense projections to the balance at the end of the prior year. Such amounts are then reduced by projected payments of interest based on required interest payment dates on each series of long-term debt. Payments of short-term interest are assumed to be made in the month following the expense accrual.
37	Other		(837)	This balance is primarily interest on customer deposits. The accrued interest on customer deposit budget is based on the results of the customer deposit budget by billing data management. Interest rates are applied according to the split between residential and non-residential deposits. Then monthly account balances are determined based on deposit growth offset by timing of deposit applications.
38	Dividends Declared		0	Reflects quarterly amounts for dividends accrued/payable to the parent company. If dividends are projected to be paid in the same month that they are declared, then the accrued amount is zero.
39	Accrued Vacation Pay		25,461	Accrued vacation pay for the 2022 projected test year is based on active employee population and their vacation allotment and salary projections. In addition, vacation carryover was based on the 2020 budget increased by 3% in 2021 and 2022.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
40	Derivative		0	Derivatives are based on the current natural gas mark-to-market swaps as of December 31, 2020. Tampa Electric does not currently have any natural gas swaps.
41	Other Miscellaneous Liabilities		52,735	Primarily customer tax collections and FAS 158 balances. Customer tax collection is based on a two year historical average. The FAS 158 balances reflect the current portion of the projected employee benefit plan costs including the impact of benefit accounting adjustments (formerly known as FAS 158).
	Total Current Liabilities		707,613	

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
	Other Liabilities:			
42	Other Deferred Credits		231,308	Other deferred credits consist primarily of projected employee benefit plan costs including the impact of benefit accounting adjustments (formerly known as FAS 158), deferred clause, and contract retention balances. Projected balances for pension and postretirement health and welfare costs are based on actuarial valuations. Contraction Retention balances are based on contract requirements, projected completion & approval dates as well as potential letters of credit to be received.
43	Asset Retirement Obligation (ARO)		41,011	The projected balance for asset retirement obligation ("ARO") is increased by taking the ending balance as of the prior year-end multiplied by the accretion amortization rate of 0.5 percent per month.
44	Other Regulatory Liabilities		578,937	Reflects ASC 740, (formally FAS 109 which was originally implemented in 1993). This assumes the December 31, 2020 balance increased or decreased by amortization of investment tax credit (ITC) and excess deferred income tax (DIT). Deferred clauses are calculated by comparing budgeted monthly revenues with budgeted monthly recoverable expense then deferring the excess amounts billed in accordance with current FERC/FPSC guidance.
45	Long Term Derivative		0	Derivatives are projected based on the current natural gas mark-to-market swaps as of December 31, 2020. Tampa Electric does not currently have any natural gas swaps.
46	Investment Tax Credits		304,366	The investment tax credit is a reduction in income taxes based on the investment in qualifying property. These benefits are amortized over the period that the qualifying property is used.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2022
BUDGET METHODOLOGY

Line No.	Caption / Account	Components	Amount ($000)	**Budget Methodology / Source**
47	Deferred Income Taxes		1,439,758	The budgeted balances for accumulated deferred income taxes are derived by adding the monthly deferred tax provisions estimated for Income Statement purposes to the forecast balance at the prior year-end. The monthly provisions are computed on estimates of differences in the recognition of items of income and expense for book versus tax purposes.
48	Reserve for Injuries & Damages (I&D)		56,763	The reserve for the injuries and damages balance is based on the budgeted 2021 reserve balance recommended by Towers Watson, the actuary, plus a 3% annual increase.
	Total Other Liabilities		2,652,143	
	TOTAL CAPITALIZATION & LIABILITIES		10,759,922	

Totals may not foot due to rounding.

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2021
ASSETS
($000)

Line No.		
1	Utility Plant in Service	10,577,442
2	Accumulated Depreciation	(3,404,889)
	Net Utility Plant in Service	7,172,553
3	Construction Work in Progress	1,342,774
	Total Net Utility Plant	8,515,327
	Other Property & Investments	
4	Other Investments & Special Funds	-
5	Non-Utility Plant-Net	6,992
	Total Other Property & Investments	6,992
	Current Assets	
6	Cash and Cash Equivalents	1,806
7	Funds Held By Trustee	-
8	Working Funds	4
9	Special Deposits	-
	Accounts Receivable From:	
10	Customers	122,818
11	Associated Companies	20,434
12	Unbilled Utility Revenues	62,178
13	Interchange Sales & Other	4,487
14	Fuel Stock	21,208
15	Other Plant Materials & Supplies	107,212
16	Prepayments	19,918
17	Derivative	-
	Total Current Assets	360,066
	Other Assets:	
18	Unamortized Debt Expense	27,930
19	Miscellaneous Deferred Debits	15,665
20	Other Regulatory Assets	413,113
21	Deferred Income Tax	682,819
22	Long Term Derivative	-
23	Other	3
	Total Other Assets	1,139,530
	TOTAL ASSET	10,021,915

FORECASTED
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2021
CAPITALIZATION & LIABILITIES
($000)

Line No.		
	Common Stock	
24	Shares Outstanding - 10	119,697
25	Misc Paid in Capital	3,455,840
26	Retained Earnings	217,657
27	Capital Stock Issuance Expense	(701)
28	Accum. Other Compre. Inc.	(824)
	Total Common Equity	3,791,669
29	Long-Term Debt	2,919,511
	Total Capitalization	6,711,179
	Current Liabilities:	
30	Notes Payable:	
	Other	377,835
31	Current Portion of Long-Term Debt	
32	Vouchers Payable	
33	Other Payables & Deposits	189,747
34	Customer Deposits	103,971
35	Taxes Accrued	33,527
	Interest Accrued:	
36	Long-Term Debt	30,187
37	Other	
38	Dividends Declared	-
39	Accrued Vacation Pay	25,021
40	Derivative	24
41	Other Misc. Liabilities	28,612
	Total Current Liabilities	788,924
	Other Liabilities:	
42	Other Deferred Credits	233,125
43	Asset Retirement Obligation	39,317
44	Other Regulatory Liabilities	606,245
45	Long Term Derivative	-
46	Investment Tax Credits	246,621
47	Deferred Income Taxes	1,339,647
48	Reserve for Injuries & Damages	56,858
	Total Other Liabilities	2,521,812
	TOTAL CAPITALIZATION & LIABILITIES	10,021,915

Totals may not foot due to rounding.

ACTUAL
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2020
ASSETS
($000)

Line No.		
1	Utility Plant in Service	$ 10,031,776
2	Accumulated Depreciation	(3,287,157)
	Net Utility Plant in Service	6,744,619
3	Construction Work in Progress	1,002,444
	Total Net Utility Plant	7,747,063
	Other Property & Investments	
4	Other Investments & Special Funds	0
5	Non-Utility Plant-Net	6,780
	Total Other Property & Investments	6,780
	Current Assets	
6	Cash & Cash Equivalents	18,184
7	Funds Held By Trustee	0
8	Working Funds	53
9	Special Deposits	0
	Accounts Receivable From:	
10	Customers	115,020
11	Associated Companies	16,147
12	Unbilled Utility Revenues	62,486
13	Interchange Sales/Other	4,500
14	Fuel Stock	30,781
15	Other Plant Materials & Supplies	105,274
16	Prepayments	12,710
17	Derivative	0
	Total Current Assets	365,154
	Other Assets:	
18	Unamortized Debt Expense	24,923
19	Miscellaneous Deferred Debits	15,409
20	Other Regulatory Assets	378,640
21	Deferred Income Tax	632,972
22	Long Term Derivative	0
23	Other	35
	Total Other Assets	1,051,978
	TOTAL ASSET	$ 9,170,976

ACTUAL
THIRTEEN MONTH AVERAGE BALANCE SHEET
AS OF DECEMBER 31, 2020
CAPITALIZATION & LIABILITIES
($000)

Line No.		
	CAPITALIZATION	
	Common Stock	
24	Shares Outstanding - 10	$ 119,697
25	Miscellaneous Paid in Capital	3,043,533
26	Retained Earnings	224,740
27	Capital Stock Issuance Expense	(701)
28	Accumulated Other Comprehensive Incom	(898)
	Total Common Equity	3,386,371
29	Long-Term Debt	2,557,892
	Total Long-Term Debt	2,557,892
	Total Capitalization	5,944,263
	Current Liabilities:	
30	Notes Payable	369,720
31	Current Portion of Long-Term Debt	0
32	Vouchers Payable	0
33	Other Payables & Deposits	189,119
34	Customer Deposits	105,155
35	Taxes Accrued	31,775
	Interest Accrued:	
36	Long-Term Debt	28,919
37	Other	
38	Dividends Declared	0
39	Accrued Vacation Pay	25,461
40	Derivative	497
41	Other Miscellaneous Liabilities	23,480
	Total Current Liabilities	774,125
	Other Liabilities:	
42	Other Deferred Credits	227,139
43	Asset Retirement Obligation (ARO)	42,310
44	Other Regulatory Liabilities	647,805
45	Long Term Derivative	0
46	Investment Tax Credits	211,462
47	Deferred Income Taxes	1,265,694
48	Reserve for Injuries & Damages	58,177
	Total Other Liabilities	2,452,588
	TOTAL CAPITALIZATION & LIABILITIES	$ 9,170,976

Totals may not foot due to rounding.

FORECASTED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2022
($000)

Line No.		
	CASH FLOWS FROM OPERATING ACTIVITIES	
1	Net Income	$ 232,732
2	Depreciation	488,022
3	Deferred Income Taxes	(31,121)
4	Investment Tax Credit-Net	52,364
5	AFUDC	(39,834)
6	Deferred Clause Revenues (Expenses)	(8,013)
7	Receivables	6,719
	Tax Receivables	0
8	Fuel Inventory	141
9	Materials and Supplies	(1,462)
10	Prepayments	967
11	Accounts Payable	25,913
12	Accrued Taxes	(1,479)
13	Accrued Interest	(1,420)
14	Deferred Taxes B/S	(0)
15	Regulated Assets	(1,716)
16	Regulated Liabilities	0
	Derivatives	0
17	AOCI	98
18	Other Assets	12,936
19	Other Liabilities	(28)
	NET CASH FLOW - OPERATING ACTIVITIES	734,820
	CASH FLOWS FROM INVESTING ACTIVITIES:	
20	Capital Expenditures	(1,003,388)
21	AFUDC	39,834
	NET CASH - INVESTING ACTIVITIES	(963,554)
	CASH FLOWS FROM FINANCING ACTIVITIES:	
22	Addition/Reduction of Long-Term Debt	100,000
23	Incr/(Decr) in Short-Term Debt	20,248
24	Dividends	(258,263)
25	Contributed Capital	370,000
26	Debt Issue Costs	(3,250)
	NET CASH - FINANCING ACTIVITIES	228,735
	NET INCREASE (DECREASE) IN CASH CASH EQUIVALENTS	1

Totals may not foot due to rounding.