

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric	)	DOCKET NO. 880356-EI
Company for Refund of Certain Tax	)	ORDER NO. 20615
Savings Revenues.	)	ISSUED: 1-18-89
	)	

The following Commissioners participated in the disposition of this matter:

KATIE NICHOLS, Chairman  
 THOMAS M. BEARD  
 GERALD L. GUNTER  
 JOHN T. HERNDON  
 MICHAEL MCK. WILSON

ORDER ACCEPTING STIPULATION

BY THE COMMISSION:

The Federal Tax Reform Act of 1986 reduced the maximum federal corporate income tax rate from 46% to 34%, effective July 1, 1987, resulting in an effective federal income tax rate for 1987 of 39.95%. While we determined that we would utilize our existing rule, Rule 25-14.003, Florida Administrative Code, (the Tax Savings Rule or Rule) to address the change in tax rates, we recognized the inadequacy of the Rule using the "midpoint of the range of return approved by the Commission in the utility's last rate case" in the refund calculation and directed that the parties negotiate in an attempt to settle upon a more current and, therefore, lower equity rate for purposes of the Rule. As is reported in Order No. 17126, the parties were unable to reach agreement and we accepted Tampa Electric Company's (TECO's) unilateral offer to utilize a return on equity rate of 13.6% for purposes of the tax savings rule for 1987.

On March 1, 1988, pursuant to the Rule, TECO filed its Petition in which it proposed to refund to its customer \$4,633,340 of 1987 tax savings, plus \$180,023 of interest for a total of \$4,813,364. Pending a complete review of the calculations and underlying data supporting TECO's refund amount, we, in Order No. 19158, approved its refund proposal and the utility began making the refund in the form of billing credits in May, 1988.

Concurrent with our Staff's analysis of TECO's tax savings calculation, our Staff, the Office of Public Counsel and TECO met to determine if agreement could be reached on whether TECO's tax savings refund had been for the correct amount. As a result of these negotiations, the parties entered into a Stipulation (Attachment A to this Order), recognizing that TECO's total refund of \$4,813,364 fully satisfied its obligations under the tax savings rule and Order No. 17126.

Having reviewed the Stipulation and the calculations resulting in TECO's tax savings refund, we are satisfied that the amount is correct and that this docket should be closed.

In view of the above, it is

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ORDERED by the Florida Public Service Commission that the Stipulation (Attachment A to this Order) entered into between Tampa Electric Company, the Office of Public Counsel and the Commission Staff is approved. It is further

ORDERED that Tampa Electric Company's refund of a total of \$4,813,364, pursuant to Order No. 19185, issued on April 19, 1988, fully satisfies its refund obligation under Order No. 17126, issued on January 23, 1987. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission, this 18th day of JANUARY, 1989.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

MBT

by: Kay Flynn  
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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Attachment A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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\_\_\_\_\_ )

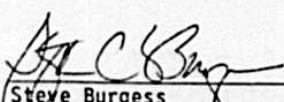
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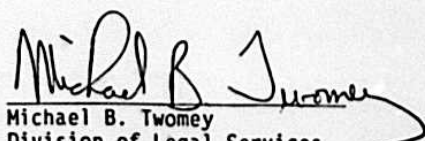
STIPULATION

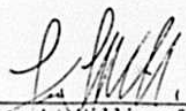
Staff, Office of Public Counsel, and Tampa Electric agree that:

- (1) The refunds heretofore provided by Tampa Electric pursuant to Order 19185 issued on April 19, 1988 fully satisfy its obligation under Order 17126 issued January 23, 1987.
- (2) The Commission review of Tampa Electric's 1987 earnings should be closed.
- (3) The Commission should enter its final order closing Docket 880356-EI.

Dated this 11th day of October, 1988

  
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