

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric)	DOCKET NO. 890325-EI
Company for Refund of Certain 1988)	ORDER NO. 21136
"Tax Savings" Revenues.)	ISSUED: 4-27-89

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER REQUIRING REFUND

BY THE COMMISSION:

On March 2, 1989, Tampa Electric Company (TECO) filed its petition in this docket according to Rule 25-14.003, Florida Administrative Code, seeking approval of a tax savings refund which it calculated to be in the amount of \$20,769,882, plus interest of \$1,081,000. TECO proposed that the refund be implemented over a six month period of time, beginning on May 2, 1989, and continuing through the last billing cycle in October, as a credit of .322 cents per KWH on each current customer's bill.

The Federal Tax Reform Act of 1986 reduced the maximum federal corporate income tax rate from 46% to 34%, effective July 1, 1987. Rule 25-14.003, Florida Administrative Code, requires refunds of tax savings when a utility earns a rate of return at or above the midpoint of its authorized range of return. In its petition, TECO stated that, in accordance with Order No. 18340, a 13.6% equity midpoint was used for tax savings calculations in lieu of TECO's authorized midpoint of 14.5%.

Pending a complete review and audit of the calculations and underlying data supporting TECO's refund amount, we hereby approve TECO's refund proposal. However, TECO's refund shall include interest calculated in accordance with Rule 25-6.109, Florida Administrative Code, with interest beginning to accrue as of January 1, 1988. In calculating interest due, it shall be assumed that the refundable revenues were earned evenly throughout 1988. Interest should continue accruing on the unrefunded balance during the six-month refund period. The refund shall be indicated to customers through a line item on the bill entitled "Refund Ordered by FPSC for 1988 Tax Savings".

Pending completion of Staff's investigation, we will allow this docket to remain open subject to further proceedings and true-up of the tax savings refund amount, if necessary.

Now, therefore, in consideration of the above, it is

ORDERED by the Florida Public Service Commission that the petition of Tampa Electric Company for authorization to carry out refunds of 1988 tax savings pursuant to Rule 25.0043, Florida Administrative Code, is hereby granted, to be carried out as specified in the body of this Order. It is further

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ORDERED that this docket shall remain open pending completion of a Staff audit and possible true-up proceedings.

BY ORDER of the Florida Public Service Commission,
this 27th day of April, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MER

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.