

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Minimum filing require-)	DOCKET NO. 900295-EI
ment report of Tampa Electric)	ORDER NO. 24841
Company in compliance with)	ISSUED: 7/24/91
Section 366.06(3), F.S.)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTIONORDER RE ANALYSIS OF
 MINIMUM FILING REQUIREMENT REPORT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

During its sunset review of the Public Service Commission, the Florida Legislature enacted Section 366.06(3)(a), Florida Statutes, which requires that each public electric utility with total annual sales in excess of 1 million megawatt-hours file a report every 4 years, or 4 years from its most recently completed rate case. All other public electric utilities are required to file on a 5 year basis. The report is to consist of, at a minimum, the modified minimum filing requirements then required by the Commission by rule, for rate proceedings pursuant to Section 366.06, Florida Statutes. Copies of the report are to be served on the Public Counsel and each party to the utility's most recent rate case concurrently with a filing with the Commission. Within 10 days of the receipt of the report, we must make copies available to the public at no more than the actual costs of reproducing the report.

Section 366.06(3)(b), Florida Statutes, requires that we implement this reporting procedure for all public utilities within 18 months of the effective date of the act, which is October 1, 1989. To accomplish this implementation, approximately one-third of the public utilities are required to file each 6 months after the effective date of the act. One criterion in determining the order of filing is the time interval since each utility's last rate case.

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On July 5, 1990, we issued Order No. 23149 requiring Tampa Electric Company (TECO) to file the modified minimum filing requirements (MMFRs) on or before October 1, 1990. TECO filed its MMFRs on October 1990.

Commission staff has analyzed TECO's MMFRs and has made several adjustments downward where rate base items were overstated by TECO. After staff's adjustments, TECO's appropriate projected rate base for 1990 is \$1,709,011,000. Attachment 1 shows the calculation of the rate base.

Staff's analysis indicates that TECO is \$22,835,000 under the projected 1990 O&M benchmark. Staff has made specific adjustments reducing O&M expenses by \$191,000. For purposes of this review, however, no further adjustments are necessary because TECO is under the O&M benchmark.

TECO's appropriate projected net operating income for 1990 is \$151,771,000. Attachment 1 shows the calculation of the net operating income.

In determining the appropriate capital structure for TECO, we accepted the company's specific adjustments including those from the last rate case and an \$8,013,000 increase in common equity due to investor funds. We removed \$202,000 in non-utility investment from equity. After the specific adjustments, we reconciled the capital structure to rate base on a pro-rata basis. Attachment 3 illustrates the appropriate capital structure for the projected 1990 test year.

We have determined that the appropriate projected earned rate of return for TECO is 8.88% which yields a 13.38% return on equity.

TECO was authorized a 14.5% ROE in Order No. 15451 in 1985. For 1987, TECO was ordered to use 13.6% for purposes of Rule 25-14.004, F.A.C., (the since-repealed tax rule). In 1988 and 1989, TECO was ordered to use 13.6% for all regulatory purposes including the tax rule, Allowance Funds Used During Construction (AFUDC), and surveillance purposes. Beginning January 1, 1990, TECO's base rates were reduced by \$22,017,000. This reduction was established using a 13.5% ROE, which is the floor of TECO's last authorized return on equity. Subsequently, an ROE of 12.50% was set for AFUDC purposes per Order No. 23924.

As previously stated, TECO's projected 1990 return on equity is 13.38% after adjustments. This ROE is above the 12.50% set for AFUDC purposes, but is below the authorized floor of 13.50%. In addition, it is below the 13.50% ROE used to determine the

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permanent rate reduction of \$22,017,000 effective January 1, 1990. On an actual basis per its surveillance reports, TECO's earned return on equity was 13.66% for 1990 and 13.27% as of March 1991.

Based on our recent decisions, 12.50%, with a range of 11.50% to 13.50%, is a reasonable return on equity for TECO. Although TECO's current actual and projected earnings are in the upper half of the range there is no indication that earnings are likely to exceed the top of the range. Therefore, no further actions are warranted.

It is, therefore,

ORDERED by the Florida Public Service Commission that if no petition for a formal proceeding is timely filed, our analysis of the Minimum Filing Requirement Report filed by Tampa Electric Company on October 1, 1990, shall hereby be concluded. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for a formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this
24th day of JULY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 8/14/91.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by 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 of the effective date 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.