

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation into ) DOCKET NO. 950379-EI  
earnings for 1995 and 1996 of ) ORDER NO. PSC-96-0122-FOF-EI  
Tampa Electric Company. ) ISSUED: January 23, 1996  
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING PROPOSAL RELATING TO POTENTIAL EXCESS EARNINGS

AND

FINAL ORDER HOLDING REVENUES SUBJECT TO COMMISSION JURISDICTION  
IN THE EVENT OF A PROTEST

BY THE COMMISSION:

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

On March 1, 1995, Tampa Electric Company (TECO) submitted its 1995 Forecasted Earnings Surveillance Report in compliance with Rule 25-6.1353, Florida Administrative Code. Per the report, TECO forecasted an achieved return on equity (ROE) of 14.28% for 1995. This exceeded the top of TECO's then currently authorized ROE range (10.35% to 12.35%, with an 11.35% midpoint). Subsequently, additional data was requested and received for 1996 that indicated a projected ROE of 13.81%, which was later adjusted downwards to 13.07%.

Due to concerns over the high level of TECO's forecasted earnings, a meeting was scheduled on March 22, 1995, to explore alternatives regarding the possible disposition of the excess earnings. TECO, the Office of the Public Counsel, FIPUG and the Staff participated in the discussions at the meeting. As a result

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of this and subsequent meetings, a proposal was proffered concerning the disposition of the excess revenues for 1995 only. Per Order No. PSC-95-0580-FOF-EI, the Commission accepted Tampa Electric Company's proposal to: (1) establish a new return on equity of 11.75% with a range of 10.75% to 12.75%, effective January 1, 1995; (2) irrevocably defer a revenue amount of \$15 million for 1995; (3) defer 50% of any revenues in excess of an 11.75% ROE up to a net 12.75% ROE and to defer all revenues in excess of a net 12.75% ROE; (4) defer any deferred revenues until 1997 and accrue interest at the commercial paper rate; and (5) end the oil backout clause, effective January 1, 1996.

As of October 31, 1995, TECO has deferred \$39.1 million of excess revenues for 1995. It is anticipated that the final amount of deferred revenues will approach \$45 million for 1995. However, the issue of any potential excess earnings for 1996 was left unresolved. This Order addresses jurisdiction over any potential overearnings during 1996.

In response to a recommendation concerning potential overearnings in 1996, TECO proposed the following plan:

1. 50% of any actual revenues in excess of 11.50% ROE will be held subject to the Commission's jurisdiction up to a net earned ROE of 12.50% on an FPSC adjusted basis per December earnings surveillance reports for calendar year 1996. The company also agrees that any actual revenues in excess of the net 12.50% ROE will be held subject to the Commission's jurisdiction.
2. The 1996 revenues subject to Commission jurisdiction will be held until 1997 and will accrue interest at the thirty day commercial paper rate as specified in Rule 25-6.109, Florida Administrative Code. The revenues will be treated as if collected evenly throughout the year.
3. The calculation of the actual ROE for 1996 will be on an "FPSC Adjusted Basis" using the appropriate adjustments approved in Tampa Electric's last full price change proceeding (Docket No. 920324-EI). All reasonable and prudent expenses and investment will be allowed in the calculation and no annualized or proforma adjustments will be made.
4. Tampa Electric agrees to petition the Commission by March 1, 1997, to determine the specific method for disposition of the 1996 revenues and interest held subject to the Commission's jurisdiction.

5. The calendar year 1996 surveillance report on which the revenues held subject to Commission jurisdiction will be based, is subject to audit and true-up.

6. The Commission will retain jurisdiction over all revenues held subject to Commission disposition.

7. If through a protest, the Proposed Agency Action is nullified, Tampa Electric agrees that effective with a beginning date of January 3, 1996, 100% of any actual 1996 revenues in excess of a 12.75% ROE will be held subject to Commission jurisdiction. The calculation methodology will be the same as in Item Number 3 above.

We believe the proposal is reasonable, adequately protects the interests of TECO's ratepayers and reserves all issues until after the 1996 results are known. Accordingly, we approve the Proposal of Tampa Electric Company for obtaining and preserving jurisdiction over any potential overearnings during 1996.

#### FINAL AGENCY ACTION

All elements of the proposal shall be Ordered as Proposed Agency Action, except for the provision in paragraph 7, which is final agency action.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Proposal of Tampa Electric Company for obtaining and preserving jurisdiction over any potential overearnings during 1996, as detailed in the body of this Order is approved. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall remain open to address TECO's excess earnings for the years 1995 and 1996, if any.

ORDERED that, if through a protest, the Proposed Agency Action is nullified, Tampa Electric agrees that effective with a beginning date of January 3, 1996, 100% of any actual 1996 revenues in excess

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of a 12.75% ROE will be held subject to Commission jurisdiction. The calculation methodology will be the same as detailed of Item Number 3 of TECO's proposal.

By ORDER of the Florida Public Service Commission, this 23rd day of January, 1996.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Flynn  
Chief, Bureau of Records

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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.

As identified in the body of this order, our actions, except as noted, are 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 13, 1996. In the absence of such a petition, this order shall become effective on the date 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

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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 the relevant portion of 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 wastewater 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.

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 wastewater 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.