


Ms. Blanca S. Bayo
January 17, 1995
Page 2

- 550-94 6. Prepared Direct Testimony of D. M. Mestas, Jr. regarding option payment from Polk Power Partners, L.P.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosures

cc: All Parties of Record (w/encls.)

ORIGINAL
FILE COPY

TAMPA ELECTRIC COMPANY
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950001-EI

Re: Levelized Oil Backout Cost Recovery Factor
April 1995 - September 1995

TESTIMONY AND EXHIBITS OF:

E. A. Townes

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 ELIZABETH A. TOWNES

5
6 Q. Would you please state your name and address?

7
8 A. My name is Elizabeth A. Townes. My business address is 702
9 North Franklin Street, Tampa, Florida 33602.

10
11 Q. Please describe your educational background and experience.

12
13 A. I received a Bachelor of Business Administration degree in
14 Accounting from Florida International University in 1978
15 and a Master of Business Administration from the University
16 of Tampa in 1982. I am a Certified Public Accountant in
17 the state of Florida and a Member of the Florida Institute
18 of Certified Public Accountants and American Institute of
19 Certified Public Accountants.

20
21 Prior to joining Tampa Electric Company in January 1982, I
22 was employed by General Telephone Company of Florida. I
23 joined Tampa Electric as a regulatory accountant. In
24 September 1983, I was promoted to Manager-Regulatory
25 Control and subsequently in February 1991, I was promoted

1 to my current position as Assistant Controller.

2

3 My current responsibilities include accounting for fuel
4 activities, conservation, oil backout and other regulatory
5 accounting areas. I am also responsible for the revenue
6 and financial reporting functions and accounts payable.

7

8 Q. Ms. Townes, what is the purpose of your testimony in this
9 proceeding?

10

11 A. The purpose of my testimony is to present a summary
12 computation of the estimated Oil Backout Cost Recovery
13 Factor to be collected during the six-month projection
14 period beginning April 1995 and ending September 1995,
15 including the estimated true-up adjustment required as of
16 March 1995.

17

18 Q. Have you prepared documents in support of your testimony?

19

20 A. Yes. I have jointly prepared with Mr. Cantrell a composite
21 exhibit titled "Schedules Supporting Oil Backout Cost
22 Recovery Factor" indicated as Exhibit No. (WNC/EAT-2).
23 This exhibit is a summary of the detailed computations,
24 prepared under my supervision and direction, to derive the
25 estimated Oil Backout Cost Recovery Factor. This exhibit

1 consists of six documents and I will make references in my
2 testimony to each of the documents and explain the
3 development, or source, of each line item. I have also
4 jointly prepared with Mr. Cantrell Exhibit No. (WNC/EAT-3)
5 titled "Comparison of Projected Payoff with Original
6 Estimate, as of November 1994." This exhibit provides a
7 comparison of the estimated payback of the Gannon
8 conversion project with the original projection submitted
9 during the 1982 qualification hearings.
10

11 Q. Ms. Townes, would you first please summarize the key
12 assumptions used in your derivation of the estimated
13 factor?
14

15 A. Yes. The key assumptions involved with the determination
16 of the factor for the projection period are the estimated
17 fuel savings, the estimated revenue requirements associated
18 with the converted Gannon Units and common facilities, the
19 estimated energy sales, and the estimated true-up as of
20 March 1995.
21

22 Q. What is the estimated Oil Backout Cost Recovery Factor
23 which you have determined for the six-month projection
24 period ended September 1995?

25 A. The factor which I have determined to be appropriate for

1 the projection period is .081 cents per kilowatt hour.
2 This factor is shown on line 19, of Document 1.

3

4 Q. Please explain the computations shown on Document 1.

5

6 A. The computations begin with the estimated energy sales
7 during the projection period shown on line 1. These
8 amounts are consistent with the company's fuel adjustment
9 filing in this docket. Lines 2 through 4 reflect the
10 estimated fuel savings supplied by Mr. Cantrell. Lines 5
11 through 10 reflect a computation of the estimated revenue
12 requirements associated with the Gannon Oil Backout
13 Project. Lines 11 through 13 reflect a computation of the
14 estimated net savings and the amount available for
15 additional depreciation under the Clause, as determined on
16 a six-month basis. Lines 14 through 19 reflect the
17 computation of the Oil Backout Cost Recovery Factor
18 including the estimated net true-up adjustment required as
19 of March 1995.

20

21 Q. Ms. Townes, please explain your computation of revenue
22 requirements shown on lines 5 through 10.

23

24 A. The computation begins on line 5 with the estimated
25 straight-line depreciation expense associated with the

1 various components of the Plant in Service investment. The
2 monthly provisions for depreciation reflected on line 5 are
3 based on the currently approved depreciation rates for the
4 various components of the Plant in Service investment.
5 Line 6 reflects the estimated interest carrying cost of the
6 Plant in Service investment. The projected monthly
7 interest expense is determined based on the projected debt
8 cost applied to the average debt balance for each month.
9 Income tax expense, shown on line 7, is computed on
10 Document 3. The estimated monthly property tax expense is
11 shown as Taxes Other Than Income Taxes on line 8. The
12 amounts shown on line 9 represent the operation and
13 maintenance expense differential which was furnished by
14 Mr. Cantrell. Total revenue requirements reflected on line
15 10 represent the sum of all revenue requirement components
16 shown on lines 5 through 9.

17
18 Q. Ms. Townes, would you please explain Document 2 reflecting
19 your computation of the Plant in Service investment?
20

21 A. Yes. Line 1 of Document 2 reflects the actual unrecovered
22 investment in Plant in Service at the beginning of each
23 month shown. Since no additional expenditures are
24 currently anticipated, line 2 indicates no additions to
25 Plant in Service. Line 5 reflects the provision for

1 depreciation for the period. These are the same amounts
2 shown on line 5 of Documents 1 and 5. Line 6 reflects the
3 additional depreciation permitted under the Oil Backout
4 Recovery Clause, equivalent to 2/3 of the estimated net
5 savings which is shown on line 13 of Documents 1 and 5.
6 Line 7 reflects the estimated net unrecovered investment in
7 Plant in Service at the end of the month.

8
9 Q. Ms. Townes, would you please explain further the
10 computation of income tax expense reflected on line 7 of
11 Documents 1 and 5?

12
13 A. Yes. The computation of these amounts is shown on Document
14 3. Referring to Document 3, lines 1 through 5 agree with
15 amounts shown as components of revenue requirements
16 including those associated with additional depreciation, on
17 lines 5, 6, 8, 9, 10 and 13 on Documents 1 and 5. Line 7
18 reflects the portion of depreciation on line 2 which
19 represents depreciation of the equity portion of AFUDC
20 capitalized during construction. As this amount is not tax
21 deductible, it represents a "permanent" difference between
22 book and tax basis of plant. Thus, this portion of
23 depreciation expense for each month must be added back to
24 book income to compute income before income taxes on line
25 8. Line 9 reflects the income tax expense before ratable

1 amortization of investment tax credits using an effective
2 income tax rate of 38.575%. Line 10 reflects the ratable
3 amortization of investment tax credit consistent with the
4 investment recovery via depreciation expense. Line 11
5 reflects the total income tax expense which agrees with
6 amounts shown on line 7 of Documents 1 and 5.

7
8 **Q.** Ms. Townes, you indicated earlier that a key assumption in
9 determining the factor for this projection period is the
10 estimated true-up adjustment required for the six-month
11 period ending March 1995. Please explain the calculation
12 of the net true-up adjustment.

13
14 **A.** The projected cumulative net true-up adjustment as of March
15 1995 represents an overrecovery of \$153,138 as shown on
16 line 15 of Document 1. The true-up adjustment is
17 calculated on Documents 4, 5 and 6.

18
19 The computation begins on Document 4 with the estimated
20 tariff revenues to be billed under the Clause for each
21 month in the period from October 1994 through March 1995,
22 shown on Line 1. The Oil Backout Revenue applicable to
23 this period is then reduced by the estimated/actual cost
24 recovery under the Clause for each month in the period from
25 October 1994 through March 1995. The amounts on Line 4 are

1 calculated on Document 5. To this true-up provision shown
2 on Line 5 by month, is added the beginning of the month
3 true-up and interest provision, shown on Line 6 for a
4 cumulative end of the period net true-up before interest,
5 shown on Line 8. The resulting estimated true-up provision
6 at March 1995, of \$153,138 is shown on Line 10 of Document
7 4.

8
9 Q. What was the projected true-up amount for the six months
10 ended September 1994 which was included in the Oil Backcut
11 cost recovery for the period October 1994 - March 1995?

12
13 A. In the filing dated June 27, 1994, the company projected a
14 cumulative underrecovery of \$(31,543) as of September 1994
15 which is currently being collected. The actual
16 underrecovery at September 1994 was \$(62,379), as reflected
17 on line 6 of Document 4. The actual underrecovery at
18 September 30, 1994, is due to higher than anticipated
19 operating expense.

20
21 Q. What is the status of the estimated payback of the Gannon
22 conversion project?

23
24 A. As shown on Exhibit No. (WNC/EAT-3), titled "Comparison of
25 Projected Payoff with Original Estimate, as of November

1 1994," cost recovery is now projected for 2001. The delay
2 in recovery from the original projection submitted during
3 the 1982 qualification hearings is due primarily to reduced
4 estimated fuel savings, as sponsored by Mr. Cantrell.
5

6 Q. Please explain any significant variances noted in the
7 payoff comparison.
8

9 A. Actual straight-line depreciation is less than the original
10 projection in 1982. This is due to the 1982 estimation of
11 early retirement of existing plant.
12

13 Significant variances noted in the cost of capital and
14 income tax components are due to the current estimate being
15 based on the approved 100% debt financing; whereas, the
16 original estimate was based on conventional financing,
17 which included a combination of debt and equity. Since
18 conventional financing included an equity component, income
19 taxes were provided on the return associated with the
20 equity component.
21

22 An estimate for taxes other than income taxes was not
23 included in the original estimate. An estimate is now
24 included since property taxes can be more reasonably
25 determined.

1 In the original estimate, revenue taxes were included as
2 part of the base revenue requirement (the sum of straight-
3 line depreciation, cost of capital, income taxes, taxes
4 other than income taxes, operation and maintenance
5 differential, and revenue taxes). Revenue taxes are now
6 excluded from the base revenue requirement. The Regulatory
7 Assessment fee is included in the total to be billed by
8 grossing up the Oil Backout factor.

9
10 The net result of the changes between the original and
11 current estimate is a decrease in base revenue requirement.
12 However, the expected additional depreciation has declined
13 due to reduced fuel savings. Additional depreciation is
14 computed as two-thirds of the excess of fuel savings over
15 the base revenue requirement determined on a six-month
16 filing period as required under the Oil Backout Clause.

17
18 Q. Ms. Townes, does this conclude your testimony?

19
20 A. Yes, it does.
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DOCKET NO. 950001-EI
TAMPA ELECTRIC COMPANY
OIL BACKOUT
SUBMITTED FOR FILING 01/17/95

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TAMPA ELECTRIC COMPANY
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950001-EI

Re: Levelized Oil Backout Cost Recovery Factor
April 1995 - September 1995

TESTIMONY AND EXHIBITS OF:

W. N. Cantrell

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 W. N. CANTRELL

5
6 Q. Please state your name, address and occupation.

7
8 A. My name is William N. Cantrell. My mailing address is
9 P. O. Box 111, Tampa, Florida 33601, and my business
10 address is 6820 South Tamiami Trail, North Ruskin, Florida
11 33570. I am Vice President-Energy Supply of Tampa Electric
12 Company.

13
14 Q. Please furnish a brief outline of your educational
15 background and business experience.

16
17 A. I was educated in the public schools of Tampa, Florida and
18 received a Bachelor of Science degree in Electrical
19 Engineering from the Georgia Institute of Technology in
20 1974. I am a registered Professional Engineer licensed in
21 the State of Florida. I also received a Master of Business
22 Administration degree in 1979 from the University of Tampa.
23 I have been employed at Tampa Electric Company since June
24 1975. Since that time I have served as Manager of
25 Generation Planning, Assistant Director, Budgets and

1 Director of Fuels. In 1987, I was elected to my current
2 position as Vice President-Energy Supply.

3

4 Q. Will you describe some of the responsibilities of your
5 present position?

6

7 A. As Vice President - Energy Supply, I am responsible for the
8 engineering, operation, maintenance, and construction of
9 the power production facilities including safety of
10 personnel and equipment, security, training, control of
11 costs, and various personnel and administrative functions.
12 I am also responsible for environmental matters and fuel
13 procurement.

14

15 Q. Mr. Cantrell, what is the objective of your testimony?

16

17 A. The objective of my testimony is to present the cost
18 associated with the conversion of four of Tampa Electric
19 Company's generating units from oil to coal. In addition,
20 I will sponsor the calculation of the operation and
21 maintenance expense differential and the determination of
22 fuel savings for the projection period and the projected
23 payoff period.

24

25 Q. How does your testimony relate to the testimony of other

1 witnesses in this proceeding?
2
3 A. Ms. Elizabeth Townes is sponsoring the overall calculation
4 of the company's Oil Backout Cost Recovery Factor for the
5 period April 1995 - September 1995, as well as the
6 estimated payoff period for the total project. In these
7 calculations, Ms. Townes develops the basic revenue
8 requirements of the project using the actual cost of the
9 conversion assets, and my projection of the operation and
10 maintenance expense differential and the fuel savings
11 resulting from the conversion. Kilowatt-hour sales and
12 fuel costs are consistent with those used in the company's
13 fuel adjustment filing.
14
15 Q. Have you prepared documents in support of your testimony?
16
17 A. Yes. I have prepared portions of documents which are
18 included in a composite Exhibit No. (WNC/EAT-2) titled
19 "Schedules Supporting Oil Backout Cost Recovery Factor" and
20 Exhibit No. (WNC/EAT-3) titled "Comparison of Projected
21 Payoff with Original Estimate, as of November 1994." These
22 exhibits are being jointly sponsored by Ms. Townes and me.
23
24 Q. What is the status of the project?
25

1 A. The conversion of Gannon units 1 through 4 from oil to coal
2 is complete. The units were placed into commercial service
3 as follows:

| | | |
|---|--------|------------------|
| 4 | | |
| 5 | Unit 1 | October 6, 1985 |
| 6 | Unit 2 | May 23, 1985 |
| 7 | Unit 3 | July 12, 1984 |
| 8 | Unit 4 | November 7, 1983 |

9
10 Q. What is the cost of the Oil Backout assets which are
11 included in the cost recovery computation in this
12 proceeding?

13
14 A. The total cost of the conversion project to be recovered
15 through the Clause is \$140.5 million. No additional
16 expenditures are anticipated.

17
18 Q. What are the projected fuel savings which will occur as a
19 result of the operation of the converted Gannon units
20 during the projection period?

21
22 A. As shown on Line 4 of Document 1, total fuel savings
23 resulting from the project for the period April 1995 -
24 September 1995 are expected to be \$266,530. This amount is
25 based upon the difference in fuel expenses from production

1 costing runs which simulate dispatch of all generating
2 units with and without the conversion of the Gannon units.
3 The assumptions for sales, unit ratings, heat rates, coal
4 and No. 6 oil prices and availability factors are
5 consistent with those used by the company in its fuel
6 adjustment filing in this docket.

7
8 **Q.** Have you calculated the projected operating and maintenance
9 expense differential of the project for April 1995 -
10 September 1995?

11
12 **A.** Yes, I have calculated the operation and maintenance
13 expense differential for this period to be \$2,057,435 as
14 shown on line 9 of Document 1.

15
16 **Q.** Please explain how the operation and maintenance expense
17 differential was calculated.

18
19 **A.** The operation and maintenance differential consists of the
20 oil/non-oil operating expense differential and other
21 projected costs resulting from the Oil Backout project.
22 This differential was calculated by applying a percentage
23 representing the increased operation and maintenance costs
24 associated with coal-firing to total projected operation
25 and maintenance expenses pertaining to the converted Gannon

1 units. The percentage was derived by comparing historical
2 operation and maintenance costs for Gannon units 1-4 as
3 oil-fired to historical operation and maintenance costs for
4 Gannon units 5 and 6 as coal-fired. Specifically
5 identifiable costs to be incurred to comply with the Oil
6 Backout Cost Recovery Rule were added to the operating
7 expense differential to derive the total operation and
8 maintenance differential.

9
10 The operation and maintenance differential as shown on
11 Exhibit No. (WNC/EAT-3) "Comparison of Projected Payoff
12 with Original Estimate, as of November 1994," is now higher
13 than the original estimate since the original estimate did
14 not include maintaining the assets required for dual firing
15 capability. In addition, the current estimate is based on
16 more detailed engineering estimates and actual experience
17 associated with the converted units.

18
19 Q. Mr. Cantrell, please explain the decrease in fuel savings
20 indicated on the projected payoff exhibit.

21
22 A. The reduction in fuel savings is due to a decrease in the
23 projected differential between the price of oil and the
24 price of coal, and a decrease in the projected system
25 energy requirements. The current estimate of fuel savings

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is based on long-term fuel price and energy projections prepared in conjunction with this current fuel adjustment clause filing.

Q. Does this conclude your testimony?

A. Yes.

OIL BACKOUT COST RECOVERY
INDEX

| <u>DOCUMENT NO.</u> | <u>TITLE</u> | <u>PAGE</u> |
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| 2 | PLANT IN SERVICE INVESTMENT | 2 |
| 3 | COMPUTATION OF OIL BACKOUT INCOME TAXES | 3 |
| 4 | OIL BACKOUT TRUE-UP COMPUTATION | 4 |
| 5 | SUMMARY OF OIL BACKOUT COST RECOVERY COMPUTATION | 5 |
| 6 | CALCULATION OF OIL BACKOUT INTEREST PROVISION | 6 |

TAMPA ELECTRIC COMPANY
PLANT IN SERVICE INVESTMENT
October 1994 through September 1995

| Line No. | Actual October | Actual November | December | January | February | March | April | May | June | July | August | September |
|-----------------------------------|----------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1. Beginning Net Plant Balance | \$39,279,913 | \$38,695,308 | \$38,110,703 | \$37,526,097 | \$36,941,492 | \$36,356,887 | \$35,772,282 | \$35,187,676 | \$34,603,071 | \$34,018,466 | \$33,433,861 | \$32,849,255 |
| 2. Additional to Plant in Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Cost of Removal/Salvage | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Balance (Lines 1 + 2 + 3) | \$39,279,913 | \$38,695,308 | \$38,110,703 | \$37,526,097 | \$36,941,492 | \$36,356,887 | \$35,772,282 | \$35,187,676 | \$34,603,071 | \$34,018,466 | \$33,433,861 | \$32,849,255 |
| 5. Straight - line Depreciation | (584,605) | (584,605) | (584,606) | (584,605) | (584,605) | (584,605) | (584,606) | (584,605) | (584,605) | (584,605) | (584,606) | (584,605) |
| 6. Additional Depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Ending Net Plant Balance | \$38,695,308 | \$38,110,703 | \$37,526,097 | \$36,941,492 | \$36,356,887 | \$35,772,282 | \$35,187,676 | \$34,603,071 | \$34,018,466 | \$33,433,861 | \$32,849,255 | \$32,264,650 |

TAMPA ELECTRIC COMPANY

COMPUTATION OF OIL BACKOUT IN COME TAXES

October 1994 through September 1995

| Line No. | Source | Actual October | Actual November | December | January | February | March | April | May | June | July | August | September |
|----------|-----------------------------------|----------------|-----------------|-----------|-------------|-------------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|
| 1. | Revenue - base - add, deprec. | \$1,294,445 | \$975,675 | \$983,154 | \$1,096,712 | \$1,018,282 | \$975,056 | \$983,822 | \$978,554 | \$1,094,906 | \$1,087,552 | \$1,308,197 | \$1,308,037 |
| 2. | Depreciation - straight - add. | (584,695) | (584,695) | (584,696) | (584,695) | (584,695) | (584,695) | (584,696) | (584,695) | (584,695) | (584,695) | (584,696) | (584,695) |
| 3. | Interest Expense | (90,887) | (113,799) | (137,819) | (153,856) | (151,509) | (148,862) | (146,365) | (143,867) | (146,332) | (158,872) | (156,175) | (137,826) |
| 4. | Taxes Other Than Income Taxes | (38,729) | (40,855) | (42,054) | (38,899) | (38,899) | (38,899) | (38,899) | (38,899) | (38,899) | (38,899) | (38,899) | (38,899) |
| 5. | O & M Differential | (60,186) | (282,357) | (254,656) | (311,712) | (296,278) | (254,009) | (266,812) | (264,863) | (262,909) | (268,836) | (681,172) | (608,367) |
| 6. | Subtotal | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) |
| 7. | Depreciation of AFUDC equity | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 | 2,528 |
| 8. | Income Before Income Taxes | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) | (349,433) |
| 9. | Income Taxes | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) | (318,903) |
| 10. | Amortization of TC | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) | (33,058) |
| 11. | Income Tax Expense | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) | (351,961) |

TAMPA ELECTRIC COMPANY

OIL BACKOUT TRUE-UP COMPUTATION

October 1994 through March 1995

| Line No. | Actual October | Actual November | December | January | February | March | Total |
|--|----------------|-----------------|-------------|-------------|-------------|-------------|-------------|
| 1. Oil-Backout Cost Recovery Revenue (Net of Revenue Taxes) | \$1,121,768 | \$1,033,336 | \$1,022,258 | \$1,093,937 | \$1,039,897 | \$1,005,689 | \$6,316,885 |
| 2. Adjustment not Applicable to this period (Prior true-up) | (5,257) | (5,257) | (5,257) | (5,257) | (5,257) | (5,258) | (31,543) |
| 3. Oil-Backout Revenue Applicable to this period (Line 1 + 2) | 1,116,511 | 1,028,079 | 1,017,001 | 1,088,680 | 1,034,640 | 1,000,431 | 6,285,342 |
| 4. Jurisdictional Oil-Backout Cost Recovery Authorized (Document 5, Line 14) | (1,134,645) | (973,675) | (965,154) | (1,036,212) | (1,018,282) | (975,436) | (6,103,204) |
| 5. True-up Provision for the Month Over(Under) Collection (Line 3 + 4) | (17,934) | 54,404 | 51,847 | 52,468 | 16,358 | 24,995 | 182,138 |
| 6. True-up and Interest Provision for the Month Beginning of the Month | (62,379) | (75,056) | (15,395) | 41,773 | 99,874 | 122,112 | (62,379) |
| 7. True-up Collected/(Refunded) | 5,257 | 5,257 | 5,257 | 5,257 | 5,257 | 5,258 | 31,543 |
| 8. End of the Period Net True-up Before Interest (Line 5 + 6 + 7) | (75,056) | (15,395) | 41,709 | 99,498 | 121,489 | 152,365 | 151,302 |
| 9. Interest Provision for the Month Interest (Document 6, Line 10) | 0 | 0 | 64 | 376 | 623 | 773 | 1,836 |
| 10. End of the Period Net True-up Over(Under) Recovery (Line 8 + 9) | (75,056) | (15,395) | \$41,773 | \$99,874 | \$122,112 | \$153,138 | \$153,138 |

TAMPA ELECTRIC COMPANY
SUMMARY OF OIL BACKOUT
COST RECOVERY COMPUTATION

October 1994 through March 1995

| Line No | Units | Witness | Source | Actual October | Actual November | January | February | March | Total |
|---------------------------|--|---------|----------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| 1. | Sales | MWH | Castrell | <u>1,169,483</u> | <u>1,077,289</u> | <u>1,140,468</u> | <u>1,084,179</u> | <u>1,048,466</u> | <u>6,585,575</u> |
| Fuel Savings: | | | | | | | | | |
| 2. | Fuel and Net Power Transactions with Cost Conversion | \$ | Castrell | <u>\$28,085,425</u> | <u>\$25,627,044</u> | <u>\$25,598,888</u> | <u>\$24,042,330</u> | <u>\$25,005,680</u> | <u>\$152,101,634</u> |
| 3. | Fuel and Net Power Transactions with Conversion | \$ | Castrell | <u>27,982,795</u> | <u>25,307,941</u> | <u>25,496,488</u> | <u>23,814,900</u> | <u>24,767,610</u> | <u>152,968,088</u> |
| 4. | Fuel Savings | \$ | Castrell | <u>\$122,630</u> | <u>\$319,103</u> | <u>\$102,400</u> | <u>\$227,340</u> | <u>(\$1,761,930)</u> | <u>(\$866,464)</u> |
| Revenue Requirements: | | | | | | | | | |
| 5. | Straight-Line Depreciation | \$ | Town | <u>\$594,605</u> | <u>\$594,605</u> | <u>\$594,605</u> | <u>\$594,605</u> | <u>\$594,605</u> | <u>\$3,507,631</u> |
| 6. | Interest Expense | \$ | Town | <u>93,887</u> | <u>113,779</u> | <u>153,856</u> | <u>151,260</u> | <u>148,862</u> | <u>\$799,563</u> |
| 7. | Income Tax Expense | \$ | Town | <u>(51,961)</u> | <u>(51,961)</u> | <u>(51,961)</u> | <u>(51,961)</u> | <u>(51,961)</u> | <u>(311,766)</u> |
| 8. | Taxes Other Than Income Taxes | \$ | Town | <u>38,728</u> | <u>40,055</u> | <u>38,000</u> | <u>38,000</u> | <u>39,000</u> | <u>233,837</u> |
| 9. | O & M Differential | \$ | Castrell | <u>469,186</u> | <u>287,197</u> | <u>311,712</u> | <u>296,278</u> | <u>254,930</u> | <u>1,873,939</u> |
| CA | Revenue Requirements | \$ | Town | <u>\$1,134,445</u> | <u>\$973,675</u> | <u>\$1,036,212</u> | <u>\$1,018,282</u> | <u>\$975,436</u> | <u>\$6,103,204</u> |
| Additional Depreciations: | | | | | | | | | |
| 11. | Net Savings | \$ | Town | <u>(\$1,011,815)</u> | <u>(\$654,572)</u> | <u>(\$933,812)</u> | <u>(\$790,942)</u> | <u>(\$2,737,566)</u> | <u>(\$6,969,668)</u> |
| 12. | Customer Retained Savings | \$ | Town | <u>1,011,815</u> | <u>654,572</u> | <u>933,812</u> | <u>790,942</u> | <u>2,737,566</u> | <u>\$6,969,668</u> |
| 13. | Additional Depreciation | \$ | Town | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| 14. | Cost Recovery for the Period | \$ | Town | <u>\$1,134,445</u> | <u>\$973,675</u> | <u>\$1,036,212</u> | <u>\$1,018,282</u> | <u>\$975,436</u> | <u>\$6,103,204</u> |
| 15. | Prior Period Net True-Up | \$ | Town | <u>(10,397)</u> | <u>(10,397)</u> | <u>(10,397)</u> | <u>(10,397)</u> | <u>(10,394)</u> | <u>(62,379)</u> |
| 16. | Total Cost Recovery | \$ | Town | <u>\$1,124,048</u> | <u>\$963,278</u> | <u>\$1,025,815</u> | <u>\$1,007,885</u> | <u>\$965,042</u> | <u>\$6,040,825</u> |

TAMPA ELECTRIC COMPANY

CALCULATION OF OIL BACKOUT INTEREST PROVISION

October 1994 through March 1995

| Line No. | | Actual October | Actual November | December | January | February | March |
|----------|---|----------------|-----------------|------------|-----------|-----------|--------------|
| 1. | Beginning True-up Amount Document 4, Line 6 | (\$62,379) | (\$75,056) | (\$15,395) | \$41,773 | \$99,874 | \$122,112 |
| 2. | Ending True-up Amount Before Interest Document 4, Line 8 | (75,056) | (15,395) | 41,709 | 99,498 | 121,489 | 152,365 |
| 3. | Total True-up Amount Lines 1 + 2 | (\$137,435) | (\$90,451) | \$26,314 | \$141,271 | \$221,363 | \$274,477 |
| 4. | Average True-up Amount Line 3 / 2 | (\$68,718) | (\$45,226) | \$13,157 | \$70,636 | \$110,682 | \$137,239 |
| 5. | Interest Rate - First Day of Month | 5.040% | 5.000% | 5.660% | 6.030% | 6.750% | 6.750% |
| 6. | Interest Rate - First Day of Subsequent Month | 5.000% | 5.660% | 6.030% | 6.750% | 6.750% | 6.750% |
| 7. | Total Beginning and Ending Interest Rate Lines 5 + 6 | 10.040% | 10.660% | 11.690% | 12,780% | 13,500% | 13,500% |
| 8. | Average Interest Rate Line 7 / 2 | 5.020% | 5.330% | 5.845% | 6.390% | 6.750% | 6.750% |
| 9. | Monthly Average Interest Rate Line 8 / 12 | 0.418% | 0.444% | 0.487% | 0.533% | 0.563% | 0.563% |
| 10. | Monthly Interest Provision Line 4 x Line 9 for overrecoveries | \$0 | \$0 | \$64 | \$376 | \$623 | \$773 |
| | | | | | | | <u>1,855</u> |

EXHIBIT NO. _____
DOCKET NO. 950001-EI
TAMPA ELECTRIC COMPANY
(WNC/EAT-3)
SUBMITTED FOR FILING 1/17/95

TAMPA ELECTRIC COMPANY
GANNON CONVERSION PROJECT
COMPARISON OF PROJECTED PAYOFF WITH ORIGINAL ESTIMATE
AS OF NOVEMBER 1994

TAMPA ELECTRIC COMPANY
OIL BACKOUT VARIANCE ANALYSIS

April 1995 through September 1995

| Line No. | Description | Actual 1983 | Actual 1984 | Actual 1985 | Actual 1986 | Actual 1987 | Actual 1988 | Actual 1989 | Actual 1990 | Actual 1991 | Actual 1992 | Actual 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | |
|----------|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|---|
| 1. | Straight-Line Depreciation | | | | | | | | | | | | | | | | | | | | |
| 2. | Current Estimate | \$617 | 5,441 | 7,748 | 8,351 | 6,976 | 7,051 | 7,016 | 7,015 | 7,015 | 7,016 | 7,015 | 7,016 | 7,015 | 7,016 | 7,015 | 7,016 | 7,015 | 7,015 | 1,754 | |
| 3. | Original Estimate | \$1,220 | 5,876 | 7,728 | 8,726 | 7,845 | 7,845 | 7,845 | 7,845 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. | Variance | (\$2,203) | (4,435) | 20 | (375) | (869) | (794) | (829) | (830) | 7,015 | 7,016 | 7,015 | 7,016 | 7,015 | 7,016 | 7,015 | 7,016 | 7,015 | 7,015 | 1,754 | |
| 5. | Cost of Capital | | | | | | | | | | | | | | | | | | | | |
| 6. | Current Estimate | \$562 | 5,657 | 7,171 | 7,826 | 6,592 | 6,488 | 6,674 | 5,447 | 3,699 | 2,271 | 1,062 | 1,124 | 1,693 | 1,331 | 969 | 598 | 190 | 0 | 0 | |
| 7. | Original Estimate | \$6,023 | 8,265 | 12,658 | 15,903 | 14,244 | 11,719 | 8,511 | 4,250 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 8. | Variance | (\$3,461) | (2,598) | (5,487) | (8,077) | (7,652) | (5,231) | (1,837) | 1,197 | 3,699 | 2,271 | 1,062 | 1,124 | 1,693 | 1,331 | 969 | 598 | 190 | 0 | 0 | |
| 9. | Income Taxes | | | | | | | | | | | | | | | | | | | | |
| 10. | Current Estimate | (\$184) | (2,810) | (2,557) | (527) | (670) | (615) | (649) | (1,025) | (391) | (615) | (624) | (624) | (623) | (624) | (623) | (683) | 0 | 0 | 0 | |
| 11. | Original Estimate | \$3,106 | 5,229 | 7,823 | 9,875 | 8,484 | 6,851 | 4,622 | 1,564 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 12. | Variance | (\$3,290) | (8,039) | (10,380) | (10,402) | (9,154) | (7,466) | (5,271) | (2,589) | (391) | (615) | (624) | (624) | (623) | (624) | (623) | (683) | 0 | 0 | 0 | |
| 13. | Taxes Other Than Income Taxes | | | | | | | | | | | | | | | | | | | | |
| 14. | Current Estimate | \$0 | 411 | 817 | 1,274 | 604 | 586 | 785 | 768 | 757 | 705 | 659 | 497 | 460 | 431 | 391 | 350 | 306 | 0 | 0 | |
| 15. | Original Estimate | \$0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 16. | Variance | \$0 | 411 | 817 | 1,274 | 604 | 586 | 785 | 768 | 757 | 705 | 659 | 497 | 460 | 431 | 391 | 350 | 306 | 0 | 0 | |
| 17. | Operation & Maintenance Diff. | | | | | | | | | | | | | | | | | | | | |
| 18. | Current Estimate | \$124 | 1,106 | 2,322 | 3,675 | 3,858 | 3,759 | 3,556 | 3,640 | 3,512 | 3,684 | 3,789 | 4,074 | 3,851 | 3,973 | 4,120 | 4,272 | 4,430 | 4,595 | 1,073 | |
| 19. | Original Estimate | \$790 | \$11 | 1,876 | 286 | 1,211 | 3,314 | 1,626 | 1,547 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 20. | Variance | (\$626) | 295 | 446 | 2,789 | 2,647 | 2,445 | 2,130 | 2,093 | 3,512 | 3,684 | 3,789 | 4,074 | 3,851 | 3,973 | 4,120 | 4,272 | 4,430 | 4,595 | 1,073 | |
| 21. | Revenue Taxes | | | | | | | | | | | | | | | | | | | | |
| 22. | Current Estimate | \$0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 23. | Original Estimate | \$171 | 323 | 481 | 570 | 509 | 444 | 358 | 243 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 24. | Variance | (\$171) | (323) | (481) | (570) | (509) | (444) | (358) | (243) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

TAMPA ELECTRIC COMPANY
OIL BACK OUT VARIANCE ANALYSIS

April 1995 through September 1995

| Line No. | Description | Actual 1983 | Actual 1984 | Actual 1985 | Actual 1986 | Actual 1987 | Actual 1988 | Actual 1989 | Actual 1990 | Actual 1991 | Actual 1992 | Actual 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|----------|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------|----------|----------|----------|----------|---------|---------|---------|
| 25. | Revenue Requirements | | | | | | | | | | | | | | | | | | | |
| 26. | Current Estimate | \$1,119 | 9,805 | 15,501 | 20,599 | 17,360 | 17,269 | 17,382 | 15,845 | 14,593 | 13,061 | 11,901 | 12,087 | 12,376 | 12,127 | 11,872 | 11,553 | 11,941 | 11,610 | 2,827 |
| 27. | Original Estimate | \$10,870 | 20,484 | 30,566 | 35,960 | 32,293 | 28,173 | 22,762 | 15,449 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28. | Variance | (9,751) | (10,679) | (15,065) | (15,361) | (14,933) | (10,904) | (5,380) | 396 | 14,593 | 13,061 | 11,901 | 12,087 | 12,376 | 12,127 | 11,872 | 11,553 | 11,941 | 11,610 | 2,827 |
| 29. | Fuel Savings | | | | | | | | | | | | | | | | | | | |
| 30. | Current Estimate | \$4,050 | 20,142 | 35,339 | 4,292 | 14,193 | 1,526 | 15,888 | 20,196 | (502) | 1,307 | (827) | (149) | (2,155) | 6,617 | 6,073 | 12,060 | 11,960 | 30,839 | 6,798 |
| 31. | Original Estimate | \$3,261 | 29,222 | 46,258 | 65,729 | 65,200 | 71,420 | 81,980 | 96,102 | 104,983 | 102,993 | 112,116 | 106,215 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 32. | Variance | \$789 | (9,080) | (10,919) | (61,437) | (51,007) | (69,894) | (66,092) | (75,906) | (105,485) | (101,686) | (12,943) | (106,364) | (2,155) | 6,617 | 6,073 | 12,060 | 11,960 | 30,839 | 6,798 |
| 33. | Additional Depreciation | | | | | | | | | | | | | | | | | | | |
| 34. | Current Estimate | \$1,954 | 6,891 | 13,225 | 120 | 27 | 0 | 1,677 | 3,359 | (2,517) | 0 | 0 | 0 | 0 | 0 | 0 | 760 | 723 | 12,780 | 1,632 |
| 35. | Original Estimate | \$0 | 0 | 273 | 7,859 | 11,174 | 19,440 | 31,891 | 19,555 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36. | Variance | \$1,954 | 6,891 | 12,952 | (7,739) | (11,147) | (19,440) | (30,214) | (16,196) | (2,517) | 0 | 0 | 0 | 0 | 0 | 0 | 760 | 723 | 12,780 | 1,632 |
| 37. | Accumulated Depreciation * | | | | | | | | | | | | | | | | | | | |
| 38. | Current Estimate | \$2,571 | 14,903 | 35,876 | 44,347 | 51,359 | 58,401 | 67,094 | 77,468 | 81,966 | 88,982 | 95,997 | 105,013 | 110,028 | 117,044 | 124,059 | 131,835 | 139,573 | 159,368 | 162,754 |
| 39. | Original Estimate | \$2,820 | 8,696 | 16,697 | 33,282 | 52,301 | 79,586 | 119,322 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 | 146,722 |
| 40. | Variance | (\$249) | 6,207 | 19,179 | 11,065 | (951) | (21,185) | (52,228) | (69,254) | (64,756) | (57,740) | (50,725) | (43,709) | (36,694) | (29,678) | (22,663) | (14,887) | (7,149) | 12,646 | 16,032 |

*Includes 16% provision for cost of removal. (FPSC Order No. 19573, 19438)