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May 7, 1996

HAND DELIVERY

IN REPLY REFER TO

Tallahassee

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Prudency Review to Determine Regulatory  
Treatment of Tampa Electric Company's  
Polk Unit; FPSC Docket No. 960409-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and  
fifteen (15) copies of each of the following:

1. Prepared Direct Testimony of Girard F. Anderson. 05109-96
2. Prepared Direct Testimony of Thomas F. Bechtel. 05110-96
3. Prepared Direct Testimony and Exhibit of Charles R. Black. 05111-96
4. Prepared Direct Testimony and Exhibit of Thomas L. Hernandez. 05112-96
5. Prepared Direct Testimony and Exhibit of John R. Rowe, Jr. 05113-96
6. Prepared Direct Testimony and Exhibit of Hugh W. Smith. 05114-96
7. Prepared Direct Testimony and Exhibit of Elizabeth A. Townes. 05115-96

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

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Ms. Blanca S. Bayo  
May 7, 1996  
Page Two

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in black ink, appearing to be 'Lee L. Willis', written over the word 'Sincerely,'.

Lee L. Willis

LLW/pp  
Enclosures

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



ORIGINAL  
FILE COPY

# TAMPA ELECTRIC COMPANY

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 960409-EI

TESTIMONY  
AND EXHIBIT OF  
ELIZABETH A. TOWNES



# TAMPA ELECTRIC COMPANY

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 960409-EI

TESTIMONY  
AND EXHIBIT OF  
ELIZABETH A. TOWNES

1                                   BEFORE THE PUBLIC SERVICE COMMISSION

2                                   PREPARED DIRECT TESTIMONY

3                                   OF

4                                   ELIZABETH A. TOWNES

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

7  
8 A.    My name is Elizabeth A. Townes. My business address is 702  
9       North Franklin Street, Tampa, Florida 33602. I am the  
10       Assistant Controller of Tampa Electric Company.

11  
12 Q.    Please describe your educational background and business  
13       experience.

14  
15 A.    I received a Bachelor of Business Administration degree in  
16       Accounting from Florida International University in 1978,  
17       and a Master of Business Administration degree from the  
18       University of Tampa in 1982. I am a Certified Public  
19       Accountant licensed in the State of Florida and a member of  
20       the Florida and the American Institute of CPAs. I am also  
21       currently a member of the Edison Electric Institute's  
22       Accounting Standards Committee.

23  
24       Prior to joining Tampa Electric Company in January 1982, I  
25       was employed by General Telephone Company of Florida in

1 various accounting and regulatory functions. I was hired  
2 by Tampa Electric Company in January 1982, in the position  
3 of Regulatory Accountant. In September 1983, I was  
4 promoted to Manager - Regulatory Control and subsequently  
5 in February 1991, I was promoted to my current position as  
6 Assistant Controller.

7  
8 My current responsibilities include accounting for fuel  
9 activities, conservation, other regulatory accounting  
10 areas, the revenue and financial reporting functions,  
11 preparation of budgeted financial statements and the  
12 monthly surveillance report. I am also responsible for  
13 corporate disbursements.

14  
15 Q. Have you testified before this Commission in other  
16 proceedings?

17  
18 A. Yes. I have provided written testimony in Docket No.  
19 920001-EI, 930001-EI, 940001-EI, 950001-EI and 960001-EI  
20 related to the company's oil back-out clause and in Docket  
21 No. 920324-EI, which is Tampa Electric Company's most  
22 recent full rate proceeding. I also testified in Docket  
23 No. 930987-EI, investigation into currently authorized  
24 return on equity of Tampa Electric Company.

1 Q. What is the purpose of your testimony?

2  
3 A. The purpose of my testimony is to explain how the  
4 regulatory treatment of the Polk Power Station, as  
5 recommended by Mr. Rowe, should be reflected in the  
6 company's accounting system and in the monthly surveillance  
7 reports which are filed with the Florida Public Service  
8 Commission.

9  
10 Q. Have you prepared an Exhibit in support of your testimony?

11  
12 A. Yes. My Exhibit No. \_\_\_ (EAT-1) consisting of ten  
13 documents was prepared under my direction and supervision.

14  
15 Q. Why is it necessary for the Commission to approve the  
16 accounting principles underlying the regulatory treatment  
17 of the Polk Power Station described in Mr. Rowe's  
18 testimony?

19  
20 A. On April 30, 1996, this Commission approved a highly  
21 innovative agreement with respect to Tampa Electric's  
22 earnings for 1996 through 1998. This agreement was the  
23 result of serious negotiations and also part of an  
24 innovative plan to mitigate the revenue effects of the Polk  
25 Power Station. In order for the parties to carry out the

1 terms of the agreement, a determination of the amount of  
2 the Polk Power Station authorized in rate base must be  
3 addressed. The level of Polk related rate base and expense  
4 will directly impact the level of deferred revenues which  
5 result from that agreement.  
6

7 The accounting treatment proposed and the estimated impact  
8 of Polk Power Station on the company's investment and  
9 operating costs included in this filing is sufficient, in  
10 my opinion, for the Commission to approve the regulatory  
11 treatment of the Polk Project subject to successful start-  
12 up without having to conduct multiple proceedings on the  
13 issue. To achieve that objective, I will discuss the level  
14 of rate base investment and operating expense we expect to  
15 have as a result of Polk Power Station being placed into  
16 service.  
17

18 **Q.** Please describe the amount of Polk Power Station which is  
19 estimated to impact Plant In Service as part of the  
20 company's rate base.  
21

22 **A.** The estimated capital cost of the Polk Power Station is  
23 \$506,165,000 as discussed by Mr. Black in his testimony.  
24 This amount is net of the capital funding from the  
25 Department of Energy (DOE) to the company during the



1 construction of the unit. As discussed by Mr. Black, the  
2 money was made available to the company due to the unit's  
3 unique and environmentally clean gasification technology.  
4

5 My Document No. 2, page 1 of 1 shows the plant-in-service  
6 amount for the first year of operation. This amount  
7 consists of construction costs (currently being recorded in  
8 FERC Account 107, Construction Work In Progress until the  
9 plant enters service) and the land costs, in the amount of  
10 \$18,919,381 (as of 3/31/96), which are recorded in FERC  
11 Account 105, Property Held for Future Use. The amounts  
12 recorded in Account 105 are net of the DOE funding. After  
13 the Polk Power Station achieves commercial operation  
14 status, the net completed construction costs and the land  
15 costs will be recorded in FERC Account 101, Plant In  
16 Service.  
17

18 Q. Please describe the accounting treatment of the DOE funding  
19 for capital expenditures.  
20

21 A. During the construction phase of the project, the DOE  
22 funding is recorded as an offset to the construction costs  
23 of the project. The cash calls are prepared at least  
24 monthly, and at times more often, if significant  
25 expenditures occur within the month. As the cash calls are

1 received, the construction project is credited with the  
2 amount of funding. This treatment provides not only for a  
3 lower cost of construction for the project, but also  
4 reduces the amount of AFUDC which is capitalized during the  
5 construction period. The net construction costs are  
6 ultimately transferred to Account 101, Plant In Service as  
7 described earlier.

8  
9 **Q.** What balance of Accumulated Depreciation has been included  
10 in the projected cost of Polk Power Station?

11  
12 **A.** The accumulated reserve for depreciation will be recorded  
13 in Account 108, Accumulated Depreciation of Electric  
14 Utility Plant. The projected reserve for depreciation of  
15 Polk Power Station is the 13-month average balance in the  
16 amount of \$13,009,000. The build-up of the average balance  
17 is shown on my Document No. 2, page 1 of 1. The changes  
18 in the depreciation reserve balance are a result of the  
19 depreciation expense which is discussed later in my  
20 testimony.

21  
22 **Q.** How has the company determined the level of fuel inventory  
23 which will be necessary to support the Polk Power Station?

24  
25 **A.** The estimated fuel inventory balances are based on the

1 company's projections, as provided by Mr. Smith, for the  
2 purchases of feedstock fuel and the burn requirements for  
3 the plant. I have calculated the resulting charge-out  
4 price of fuel and inventory levels based on his input. The  
5 13-month average fuel inventory included is \$5,635,000, as  
6 reflected on my Document No. 3, page 1 of 1. This  
7 represents 93,307 tons of coal at a cost of \$4,709,000;  
8 35,700 barrels of #2 oil at a cost of \$913,000; and 25,000  
9 gallons of propane gas at a cost of \$13,000 as reflected on  
10 my Document No. 10, page 1 of 1.

11  
12 The fuel inventory amounts will be recorded in Account 151,  
13 Fuel Stock.

14  
15 **Q.** Are other inventories required to support the Polk Power  
16 Station?

17  
18 **A.** Yes. Additional inventories for materials and supplies are  
19 necessary. The calculation of the projected materials and  
20 supplies inventory balance is shown on my Document No. 3,  
21 page 1 of 1. The amounts of monthly inventory required  
22 were provided by Mr. Black. A 13-month average inventory  
23 of \$6,478,000 for materials and supplies results from my  
24 calculation. The materials and supplies inventory will be  
25 recorded on the company's books in Account 154, Plant

1 Materials and Operating Supplies.

2  
3 Q. What types of taxes payable other than income taxes should  
4 be included in the Polk Power Station costs?

5  
6 A. Taxes payable other than income taxes are calculated to  
7 reflect payroll taxes payable for the labor components of  
8 O&M expense and property taxes payable based on amounts  
9 provided by the company's tax department. The 13-month  
10 average of these accruals for property and payroll taxes  
11 payable are reflected on my Document No. 3, page 1 of 1.  
12 The 13-month average of these other taxes payable reflects  
13 the statutory requirements for payments and result in a  
14 decrease in working capital of \$3,023,000.

15  
16 Property taxes payable and payroll taxes payable will be  
17 recorded in Account 236, Taxes Accrued.

18  
19 Q. How are the current income taxes payable reflected in this  
20 filing?

21  
22 A. The 13-month average current income taxes payable balance  
23 reflects the accrual as discussed in the operating expense  
24 portion of my testimony after incorporating the timing of  
25 quarterly tax payments. The total 13-month average effect

1 on working capital is an increase of \$3,939,000.

2  
3 **Q.** What is the estimated rate base impact of Polk Power  
4 Station which will be included in the company's rate base?

5  
6 **A.** After calculating the impact of the rate base items  
7 described above, the total 13-month average rate base  
8 impact of Polk Power Station is \$506,185,000. The  
9 calculation of this amount is shown on my Document No. 5,  
10 page 1 of 1.

11  
12 **Q.** What components of operating expenses are part of the  
13 projected cost of Polk Power Station?

14  
15 **A.** The following components of operating expenses were  
16 included in the projected cost of Polk Power Station: 1)  
17 Operation and Maintenance (O&M) Expense, 2) Depreciation  
18 and Dismantling Expenses, 3) Property and Payroll Tax  
19 Expenses, and 4) Current and Deferred Income Tax Expenses.

20  
21 **Q.** Please discuss the accounting treatment of the DOE funding  
22 for O&M available to the company.

23  
24 **A.** During the first two years of operation, the DOE has  
25 committed \$20,100,000 of funding which will be used to

1 offset the O&M expenses associated with the Polk Power  
2 Station. This funding is further described by Mr. Black in  
3 his testimony. The accounting treatment of this funding  
4 will be to credit the O&M expenses of the unit as the funds  
5 are received from the DOE.  
6

7 **Q.** Please describe the basis for the estimated O&M expense.  
8

9 **A.** The estimated O&M expense, net of the DOE credits, for  
10 Polk Unit One is \$2,669,000 as shown in my Document No. 6,  
11 page 1 of 1. The O&M and DOE credits were provided by Mr.  
12 Black. O & M expenses will be recorded on the company's  
13 books in Accounts 546-554, Other Power Generation.  
14

15 **Q.** What is the total that the company has projected for O&M  
16 expense to include in the estimated Polk Power Station  
17 cost?  
18

19 **A.** The total amount included in this filing for operation and  
20 maintenance expenses has been adjusted to reflect fringe  
21 benefits not included in Mr. Black's estimate. The total  
22 O&M estimated for Polk Power Station, including fringe  
23 benefits, is \$3,816,000 as shown on my Document No. 6, page  
24 1 of 1.  
25

1 Q. What is the total annual expense that the company has  
2 projected for depreciation and dismantling expenses for  
3 Polk Power Station cost?  
4

5 A. The Commission has already addressed and approved the  
6 appropriate depreciation rate and dismantling amount in  
7 Docket No. 950213-EI, which is the company's most recent  
8 depreciation filing. The approved rate is 4.3% for  
9 depreciation plus an annual amount of \$1,349,000 for  
10 dismantling. The depreciation rate was applied to the  
11 depreciable plant balances (excluding land) to calculate  
12 the depreciation expense for the unit of \$22,301,000  
13 including the dismantling, and is shown on my Document No.  
14 2, page 1 of 1.  
15

16 Q. What is the amount that the Company has projected for the  
17 taxes other than income tax expense for the Polk Power  
18 Station cost?  
19

20 A. The Company has calculated an estimated amount of taxes,  
21 other than income tax expense, which includes property and  
22 payroll taxes as shown on my Document No. 7, page 2 of 2.  
23 Estimated property tax expense of \$7,000,000 was provided  
24 by the company's tax department.  
25

1 Payroll taxes associated with the labor included in the O&M  
2 expense estimate are projected to be \$390,000. Payroll  
3 taxes are calculated based on a FICA rate of 7.65% and an  
4 unemployment tax rate of .8% and were applied to the  
5 estimated labor costs provided by Mr. Black.

6  
7 The property taxes and payroll taxes will be recorded in  
8 Account 408.1, Taxes Other Than Income Taxes, Utility  
9 Operating Income.

10  
11 **Q.** What is the total amount that the company has projected for  
12 income tax expense to include in the estimated Polk Power  
13 Station cost?

14  
15 **A.** Document No. 4, page 1 of 1 reflects an estimated amount of  
16 deferred tax expense of \$33,718,000. This represents the  
17 difference between the tax and book depreciation multiplied  
18 by the combined State and Federal income tax rate of  
19 38.575%. The company has used a seven-year tax life for  
20 the Polk Power Station. The deferred tax expense will be  
21 recorded in Account 410.1, Provision for Deferred Income  
22 Taxes.

23  
24 The current tax benefit of \$46,644,000 is based on the same  
25 rate applied to the operating expenses identified for the



1 Polk Power Station less the deferred tax expense. This  
2 calculation is shown on my Document No. 8, page 1 of 1.  
3 Current income taxes will be recorded in Account 409.1,  
4 Income Taxes, Utility Operating Income.  
5

6 Q. Did the Polk Project give rise to any deferred taxes during  
7 the construction period?  
8

9 A. Yes. The company was able to deduct Research and  
10 Experimental expenditures for tax purposes, while these  
11 expenditures are capitalized for book purposes. The result  
12 is that at the time the unit goes into service, the company  
13 expects to have recorded deferred taxes in the amount of  
14 \$13,310,000.  
15

16 The deferred income taxes accrued will be recorded in  
17 Account 282, Accumulated Deferred Income Taxes, on the  
18 company's books. The amount of accumulated deferred income  
19 taxes, which is a result of the difference in tax versus  
20 book depreciation lives, is shown on my Document No. 4,  
21 page 1 of 1.  
22

23 Q. How does the company plan to account for any revenues which  
24 may be generated through the sale of residuals?  
25

1 A. The company intends to account for the sale of by-products  
2 from Polk Power Station in the same manner that it  
3 currently does for Gannon and Big Bend Stations, which is  
4 in accordance with instructions for the FERC Uniform System  
5 of Accounts. If a by-product is ready for sale directly  
6 out of the generation process, then the proceeds of the  
7 sale are booked through Account 153, Residuals and credited  
8 to reduce non-recoverable fuel expense in Accounts 501 and  
9 547, Fuel. If a by-product is processed to convert it to  
10 a salable form, then the proceeds of its sale are credited  
11 to Other Electric Revenue, Account 456. The Polk Power  
12 Station will have slag as a residual and sulfuric acid as  
13 a salable by-product.

14  
15 Q. What is the total estimated operating cost of the Polk  
16 Power Station as calculated in this filing?

17  
18 A. As shown on my Document No. 9, page 1 of 1, the total  
19 operating expense for Polk Power Station is \$20,582,000.

20  
21 Q. Does Tampa Electric intend to seek additional base revenues  
22 from its customers related to the Polk Power Station at  
23 this time?

24  
25 A. No. As Mr. Rowe describes in his direct testimony, Tampa

1 Electric is precluded (based on the stipulation approved by  
2 the FPSC on April 30, 1966) from asking the Commission to  
3 increase its base rates before mid-year 1998. In addition,  
4 the company has been preparing for the addition of this  
5 plant over the last several years through an aggressive  
6 cost reduction and cost control effort and will continue  
7 those efforts going forward. This extraordinary effort by  
8 the company, together with this Commission's approval of an  
9 innovative ratemaking plan, has allowed the company to  
10 absorb the cost related to a major plant addition while  
11 providing a guarantee that there will be no increase in  
12 base rates before January 1, 1999. The Company will  
13 continue its effort to avoid an increase in base rates  
14 after January 1, 1999.

15  
16 Q. Given that there is no request to calculate new revenue  
17 requirements as there has been in traditional rate cases in  
18 which new generating capacity was addressed and the  
19 regulatory accounting for such facilities was determined,  
20 is there a need to reconcile the Polk Power Station  
21 investment with Tampa Electric's capital structure?

22  
23 A. No. Reconciliation of Tampa Electric's total rate base  
24 with its total capital structure is traditional in a full  
25 revenue requirements proceeding, but in my opinion, it

1 serves no useful purpose in this docket.

2  
3 Q. How does the company propose to treat the impact of the  
4 Polk Power Station in its surveillance reports?

5  
6 A. The company will begin reflecting the costs of the Polk  
7 Power Station in the surveillance reports beginning with  
8 October 1996, the projected in-service date of the Polk  
9 Power Station, in accordance with the Florida  
10 Administrative Code 25-06.1352, Earnings Surveillance  
11 Report. The company's total rate base, net operating  
12 income, and capital structure will be reported in  
13 accordance with the rule and the adjustments made in the  
14 company's last full revenue requirements proceeding. The  
15 filing will reflect traditional reconciliation of rate base  
16 and capital structure, synchronization of interest expense,  
17 the related income tax impacts and the retail/wholesale  
18 separation as approved in that proceeding.

19  
20 Q. Will you please summarize your direct testimony?

21  
22 A. Yes. In order to meet the terms and conditions in the  
23 deferred revenue agreement for 1996 through 1998, it is  
24 important for the Commission to approve the accounting  
25 principles which underlie the regulatory treatment of the

1 Polk Power Station as described by Mr. Rowe. The costs  
2 identified in this filing are the best estimates of the  
3 Polk Project and have been calculated in order to provide  
4 the Commission with the estimated impact of adding the Polk  
5 investment to our rate base. The results indicate an  
6 increase in rate base of \$506,185,000 and decrease in  
7 operating income of \$20,582,000, as shown in my Document  
8 No. 1, page 1 of 1. In addition, the company will report  
9 the inclusion of the cost of the Polk Project in its  
10 surveillance report in accordance with the Commission rule  
11 relating to surveillance reporting including any and all  
12 adjustments which are prescribed by that rule.

13  
14 The company is not requesting any increase in base rates  
15 and therefore, a typical rate case calculation of revenue  
16 requirements is not appropriate for this filing. In  
17 addition, Tampa Electric Company has worked diligently at  
18 reducing costs and negotiating with affected parties to  
19 avoid any increase in base rates even though it is placing  
20 the Polk Power Station in service. Tampa Electric  
21 continues in its efforts to control costs so that going  
22 forward in the future, customers' rates can remain flat.

23  
24 Q. Does this conclude your direct testimony?  
25

1 | **A.** Yes, it does.  
2 |  
3 |  
4 |  
5 |  
6 |  
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EXHIBIT NO. \_\_\_\_\_ (EAT-1)

OF

ELIZABETH A. TOWNES

| Document No. | Document Title  | Page |
|--------------|---|------|
| 1.           | Incremental Effect of Addition of Polk Project                    | 1    |
| 2.           | Gross Plant In Service, Accumulated Reserve, Depreciation Expense | 2    |
| 3.           | Working Capital   | 3    |
| 4.           | Deferred Income Taxes   | 4    |
| 5.           | Rate Base   | 5    |
| 6.           | O&M Expense   | 6    |
| 7.           | Taxes Other Than Income   | 7    |
| 8.           | Current Income Taxes  | 8    |
| 9.           | Operating Income  | 9    |
| 10.          | Inventory Calculations  | 10   |

INCREMENTAL EFFECT OF ADDITION OF THE POLK PROJECT (a)  
(\$THOUSANDS)

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-EI  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 1  
PAGE 1 OF 1

OPERATING EXPENSES

|                                |                 |
|--------------------------------|-----------------|
| O&M - Other (b)                | \$3,816         |
| Depreciation                   | 22,301          |
| Property and Payroll Taxes (b) | 7,390           |
| Current Income Taxes           | (46,644)        |
| Deferred Income Taxes          | <u>33,718</u>   |
| Total Operating Expenses       | <u>\$20,582</u> |

RATE BASE

|                          |                  |
|--------------------------|------------------|
| Plant in Service         | \$506,165        |
| Accumulated Depreciation | <u>(13,009)</u>  |
| Net Plant in Service     | 493,156          |
| Working Capital          | <u>13,029</u>    |
| Total Rate Base          | <u>\$506,185</u> |

(a) Assumes an October 15, 1996 in-service date for the Polk Project. Except where noted, all amounts reflect first twelve months of operation, with October 1996 adjusted to a full month.

(b) Reflects calendar year 1997 amounts.



GROSS PLANT IN SERVICE, ACCUMULATED RESERVE AND DEPRECIATION EXPENSE  
(\$THOUSANDS)

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-EI  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 2  
PAGE 1 OF 1

+DEBIT/(CREDIT)

|             | (1)                          | (2)      | (3)                                    | (4)                       | (5)                          | (6)                               | (7)  | (8)   | (9)                                |
|-------------|------------------------------|----------|--|---------------------------|------------------------------|-----------------------------------|--|---|------------------------------------|
|             | GROSS<br>PLANT<br>IN SERVICE | LAND     | DEPRECIABLE<br>PLANT IN SVC<br>BALANCE | MONTHLY<br>DEPREC<br>RATE | MONTHLY<br>DEPREC<br>EXPENSE | MONTHLY<br>DISMANTLING<br>EXPENSE | TOTAL<br>DEPRECIATION<br>& DISMANTL<br>EXPENSE | ACCUMULATED<br>RESERVE FOR<br>DEPRECIATION<br>BALANCE | NET PLANT<br>IN SERVICE<br>BALANCE |
|             | Note (a)                     | Note (b) | col (1) - (2)                          | [4.3% / 12]<br>Note (c)   | col (3) x (4)                | Note (d)                          | col (5) + (6)                                  | prior mo bal col (8)<br>- curr mo col (7)             | col (1) + (8)                      |
| MONTH 1     | \$506,165                    | \$18,919 | \$487,246                              | 0.36%                     | \$1,746                      | \$112                             | \$1,858  | (\$1,858)   | \$504,307                          |
| MONTH 2     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (3,717)   | 502,448                            |
| MONTH 3     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (5,575)   | 500,590                            |
| MONTH 4     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (7,434)   | 498,731                            |
| MONTH 5     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (9,292)   | 496,873                            |
| MONTH 6     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (11,151)  | 495,015                            |
| MONTH 7     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (13,009)  | 493,156                            |
| MONTH 8     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (14,867)  | 491,298                            |
| MONTH 9     | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (16,726)  | 489,439                            |
| MONTH 10    | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (18,584)  | 487,581                            |
| MONTH 11    | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (20,443)  | 485,722                            |
| MONTH 12    | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (22,301)  | 483,864                            |
| MONTH 13    | 506,165                      | 18,919   | 487,246                                | 0.36%                     | 1,746                        | 112                               | 1,858  | (24,159)  | 482,006                            |
| 12 MO TOTAL |                              |          |  |                           | \$20,952                     | \$1,349                           | \$22,301                                       |   |                                    |
| 13 MO AVG   | \$506,165                    | \$18,919 | \$487,246                              |                           |                              |                                   |  | (\$13,009)  | \$493,156                          |

(a) Gross plant in service is based on projections from the Project Management Departments and is supported by the testimony of Charles R. Black.

(b) The land balance of plant in service is based on balances currently recorded in the General Ledger of the company. The land cost is currently recorded in property held for future use and will be transferred to plant in service. The cost of the land is supported by the testimony of Charles R. Black.

(c) Monthly depreciation expense is derived by applying the depreciation expense rate of .36% to monthly depreciable plant balances. The annual depreciation expense rate of 4.3% was approved in FPSC Docket 950499-EI, Order PSC-96-0399-FOF-EI, issued 3/21/96.

(d) An annual dismantling expense amount of \$1,349,000 was approved in FPSC Docket 950499-EI, Order PSC-96-0399-FOF-EI, issued 3/21/96.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING

WORKING CAPITAL  
(\$THOUSANDS)

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-EI  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 3  
PAGE 1 OF 1

+DEBIT/(CREDIT)

|                      | (1)                         | (2)                       | (3)                                | (4)                                   | (5)                                    | (6)                         |
|----------------------|-----------------------------|---------------------------|------------------------------------|---------------------------------------|--|-----------------------------|
|                      | FUEL INVENTORY<br>ACCT. 151 | MATL & SUPPL<br>ACCT. 154 | INCOME<br>TAX PAYABLE<br>ACCT. 238 | PAYROLL<br>TAXES PAYABLE<br>ACCT. 238 | PROPERTY<br>TAXES PAYABLE<br>ACCT. 238 | TOTAL<br>WORKING<br>CAPITAL |
|                      | Note (a)                    | Note (b)                  | Document 8<br>p. 1 of 1, col. (10) | Document 7<br>p. 1 of 1, col. (3)     | Document 7<br>p. 1 of 1, col. (6)      | sum col (1) thru (5)        |
| MONTH 1              | \$4,039                     | \$5,440                   | \$2,302                            | (\$8)                                 | (\$583)                                | \$11,189                    |
| MONTH 2              | 4,400                       | 5,570                     | 4,927                              | (16)                                  | (1,167)                                | 13,714                      |
| MONTH 3              | 5,209                       | 5,700                     | (0)                                | (24)                                  | (1,750)                                | 9,135                       |
| MONTH 4              | 5,098                       | 6,300                     | 4,393                              | (8)                                   | (2,333)                                | 13,449                      |
| MONTH 5              | 5,168                       | 6,400                     | 8,665                              | (13)                                  | (2,917)                                | 17,301                      |
| MONTH 6              | 5,856                       | 6,500                     | (0)                                | (24)                                  | (3,500)                                | 8,832                       |
| MONTH 7              | 5,938                       | 6,600                     | 4,246                              | (8)                                   | (4,083)                                | 12,692                      |
| MONTH 8              | 5,914                       | 6,700                     | 8,563                              | (16)                                  | (4,667)                                | 16,494                      |
| MONTH 9              | 5,921                       | 6,800                     | (0)                                | (24)                                  | (5,250)                                | 7,447                       |
| MONTH 10             | 5,930                       | 6,900                     | 4,737                              | (8)                                   | (5,833)                                | 11,726                      |
| MONTH 11             | 5,928                       | 7,000                     | 9,130                              | (16)                                  | (6,417)                                | 15,625                      |
| MONTH 12             | 7,934                       | 7,100                     | 0                                  | (24)                                  | 0                                      | 15,010                      |
| MONTH 13             | 5,926                       | 7,200                     | 4,247                              | (32)                                  | (583)                                  | 16,758                      |
| <b>13 MO AVERAGE</b> | <b>\$5,635</b>              | <b>\$6,478</b>            | <b>\$3,939</b>                     | <b>(\$17)</b>                         | <b>(\$3,006)</b>                       | <b>\$13,029</b>             |

Derivation of a working capital allowance that reflects effects of a typical year of operation of the Polk Project. The 13-month average balance for working capital is increased by higher balances for fuel and materials & supplies inventories and lower income taxes payable balances. The 13-month average balance for working capital is decreased by higher payroll and property taxes payable balances. The net effect is an increase to 13-month average working capital.

(a) Fuel inventory balances are derived based on forecasted fuel purchases and fuel burn. Fuel supply alternatives and appropriate levels of fuel inventory are supported by Hugh W. Smith in his testimony.

(b) Materials & Supplies inventory balances are provided by Project Management.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING

DEFERRED INCOME TAXES  
(\$THOUSANDS)

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-EI  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 4  
PAGE 1 OF 1

+DEBIT/(CREDIT)

|             | (1)                              | (2)               | (3)           | (4)                              | (5)                                 | (6)  | (7)                            | (8)                   | (9)   | (10)   |
|-------------|----------------------------------|-------------------|---------------|----------------------------------|-------------------------------------|--|--------------------------------|-----------------------|---|--|
|             | DEPRECIABLE<br>PLANT<br>BALANCE  | NON-BASE<br>ITEMS | TAX<br>BASIS  | MONTHLY<br>TAX<br>DEPREC<br>RATE | MONTHLY<br>TAX<br>DEPREC<br>EXPENSE | MONTHLY<br>BOOK DEPREC<br>INCL DISMANTL<br>EXPENSE | EXCESS<br>TAX OVER<br>BOOK EXP | EFFECTIVE<br>TAX RATE | DEFERRED<br>INCOME TAX<br>EXPENSE<br>ACCT 410.1 | DEFERRED<br>INCOME TAX<br>ACCRUAL<br>ACCT 282          |
|             | Document 2<br>p.1 of 1, col. (3) | Note (b)          | col (1) - (2) | Note (a)                         | Note (a)<br>col (3) x (4)           | Document 2<br>p.1 of 1, col. (5)                   | col (5) - (6)                  | Note (c)              | Note (c)<br>col (7) x (8)                       | Note (b)<br>prior mo bal col (10)<br>+ curr mo col (9) |
| MONTH 1     | \$487,246                        | \$34,503          | \$452,743     | 1.19%                            | \$5,388                             | \$1,858  | \$3,529                        | 38.575%               | \$1,361   | (\$13,310)   |
| MONTH 2     | 487,246                          | 34,503            | 452,743       | 1.19%                            | 5,388                               | 1,858  | 3,529                          | 38.575%               | 1,361   | (14,671)   |
| MONTH 3     | 487,246                          | 34,503            | 452,743       | 1.19%                            | 5,388                               | 1,858  | 3,529                          | 38.575%               | 1,361   | (16,033)   |
| MONTH 4     | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (17,394)   |
| MONTH 5     | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (20,687)   |
| MONTH 6     | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (23,980)   |
| MONTH 7     | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (27,272)   |
| MONTH 8     | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (30,565)   |
| MONTH 9     | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (33,858)   |
| MONTH 10    | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (37,150)   |
| MONTH 11    | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (40,443)   |
| MONTH 12    | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (43,736)   |
| MONTH 13    | 487,246                          | 34,503            | 452,743       | 2.30%                            | 10,394                              | 1,858  | 8,536                          | 38.575%               | 3,293   | (47,028)   |
| 12 MO TOTAL |                                  |                   |               |                                  | \$109,711                           | \$22,301   | \$87,410                       |                       | \$33,718  |  |
| 13 MO AVG   | \$487,246                        | \$34,503          | \$452,743     |                                  |                                     |  |                                |                       |   | (\$31,111)   |

(a) Tax depreciation is calculated by multiplying the tax depreciation rate applicable in each of the first 12 months of operation of the Polk Project (using a 7-year tax life and the MACRS table in the Internal Revenue Code) by the total Polk Project cost adjusted for non-base items.

(b) Non-base items include Research & Experimental costs (\$33,664,000) and FASB 196/112 & Pension (\$840,000) which will be deducted for tax purposes prior to the in-service date of the Polk Project. The balance in the Deferred Tax Accrual (column 10) of \$13,310,000 prior to Month 1 is a result of these items.

(c) Deferred taxes were computed by multiplying the amount of tax over book depreciation (adjusted for interest capitalized) by the combined State and Federal income tax rate of 38.575%.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING

RATE BASE  
(\$THOUSANDS)

+DEBIT/(CREDIT)

| REFERENCE               | (1)                      | (2)  | (3)                 | (4)                 | (5)                |
|-------------------------|--------------------------|--|---------------------|---------------------|--------------------|
|                         | GROSS PLANT<br>ACCT. 101 | ACCUM RESERVE<br>FOR DEPRECIATION<br>ACCT. 108 | NET PLANT           | WORKING<br>CAPITAL  | TOTAL<br>RATE BASE |
|                         | Document 2               | Document 2                                     | Document 2          | Document 3          |                    |
|                         | p. 1 of 1, col. (1)      | p. 1 of 1, col. (8)                            | p. 1 of 1, col. (9) | p. 1 of 1, col. (8) | col (3) + (4)      |
| MONTH 1                 | \$506,165                | (\$1,858)                                      | \$504,307           | \$11,189            | \$515,496          |
| MONTH 2                 | 506,165                  | (3,717)  | 502,448             | 13,714              | 516,162            |
| MONTH 3                 | 506,165                  | (5,575)  | 500,590             | 9,135               | 509,725            |
| MONTH 4                 | 506,165                  | (7,434)  | 498,731             | 13,449              | 512,181            |
| MONTH 5                 | 506,165                  | (9,292)  | 496,873             | 17,301              | 514,174            |
| MONTH 6                 | 506,165                  | (11,151)                                       | 495,015             | 8,832               | 503,846            |
| MONTH 7                 | 506,165                  | (13,009)                                       | 493,156             | 12,692              | 505,849            |
| MONTH 8                 | 506,165                  | (14,867)                                       | 491,298             | 16,494              | 507,792            |
| MONTH 9                 | 506,165                  | (16,726)                                       | 489,439             | 7,447               | 496,886            |
| MONTH 10                | 506,165                  | (18,584)                                       | 487,581             | 11,726              | 499,307            |
| MONTH 11                | 506,165                  | (20,443)                                       | 485,722             | 15,625              | 501,348            |
| MONTH 12                | 506,165                  | (22,301)                                       | 483,864             | 15,010              | 498,874            |
| MONTH 13                | 506,165                  | (24,159)                                       | 482,006             | 16,758              | 498,763            |
| <b>13 MONTH AVERAGE</b> | <b>\$506,165</b>         | <b>(\$13,009)</b>                              | <b>\$493,158</b>    | <b>\$13,029</b>     | <b>\$506,185</b>   |

To reflect the incremental impact to Rate Base from the addition of the Poik Project as though it had been fully operational for a typical year.

The 13-month average Rate Base impact includes net utility plant, comprised of plant in service less accumulated reserve for depreciation, and a working capital allowance.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING

OPERATIONS & MAINTENANCE EXPENSE  
(\$THOUSANDS)

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-EI  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 6  
PAGE 1 OF 1

+DEBIT/(CREDIT)

|                    | (1)                                    | (2)              | (3)                                 | (4)  | (5)                                 |
|--------------------|--|------------------|-------------------------------------|--|-------------------------------------|
|                    | O&M EXPENSE<br>EXCLUDING<br>DOE CREDIT | DOE CREDIT       | O&M EXPENSE<br>NET OF<br>DOE CREDIT | FRINGE BENEFITS<br>ON PAYROLL<br>RELATED O&M | TOTAL O&M<br>EXPENSE<br>INCL FRINGE |
|                    | Note (a)                               | Note (b)         | col (1) + (2)                       | Note (c)                                     | col (3) + (4)                       |
| MONTH 1            | \$615                                  | (\$741)          | (\$126)                             | \$91   | (\$35)                              |
| MONTH 2            | 1,475                                  | (786)            | 689                                 | 109  | 798                                 |
| MONTH 3            | 1,197                                  | (717)            | 480                                 | 90   | 570                                 |
| MONTH 4            | 1,147                                  | (862)            | 285                                 | 93   | 378                                 |
| MONTH 5            | 793                                    | (815)            | (22)                                | 90   | 68                                  |
| MONTH 6            | 948                                    | (838)            | 110                                 | 94   | 204                                 |
| MONTH 7            | 743                                    | (835)            | (92)                                | 90   | (2)                                 |
| MONTH 8            | 942                                    | (855)            | 87                                  | 94   | 181                                 |
| MONTH 9            | 715                                    | (802)            | (87)                                | 91   | 4                                   |
| MONTH 10           | 1,539                                  | (394)            | 1,145                               | 120  | 1,265                               |
| MONTH 11           | 1,151                                  | (868)            | 283                                 | 94   | 377                                 |
| MONTH 12           | 709                                    | (792)            | (83)                                | 91   | 8                                   |
| <b>12 MO TOTAL</b> | <b>\$11,974</b>                        | <b>(\$9,305)</b> | <b>\$2,669</b>                      | <b>\$1,147</b>                               | <b>\$3,816</b>                      |

(a) Operations and maintenance expenses are provided by the Project Management Department.

(b) Contractual amounts provided under the DOE grant reduce the projected operations and maintenance expenses and are provided by the Project Management Department. These credits are supported by the testimony of Charles R. Black.

(c) Fringe benefits based on payroll related O&M expenses were calculated based on rates provided by the Payroll Department.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING

**PAYROLL AND PROPERTY TAXES  
(\$THOUSANDS)**

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-E1  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 7  
PAGE 1 OF 1

+DEBIT/(CREDIT)

**A. PAYROLL TAXES**

|                    | (1)                       | (2)                        | (3)  |
|--------------------|---------------------------|----------------------------|--|
|                    | PAYROLL<br>TAX<br>EXPENSE | PAYROLL<br>TAX<br>PAYMENTS | PAYROLL<br>TAXES<br>PAYABLE                  |
|                    | Note (a)                  | Note (a)                   | prior mo bal col (3)<br>+curr mo col (1)+(2) |
| MONTH 1            | \$31                      | \$23                       | (\$8)  |
| MONTH 2            | 36                        | 28                         | (16)   |
| MONTH 3            | 31                        | 23                         | (24)   |
| MONTH 4            | 32                        | 48                         | (8)  |
| MONTH 5            | 31                        | 23                         | (16)   |
| MONTH 6            | 32                        | 24                         | (24)   |
| MONTH 7            | 31                        | 47                         | (8)  |
| MONTH 8            | 32                        | 24                         | (16)   |
| MONTH 9            | 31                        | 23                         | (24)   |
| MONTH 10           | 39                        | 55                         | (8)  |
| MONTH 11           | 32                        | 24                         | (16)   |
| MONTH 12           | 31                        | 23                         | (24)   |
| MONTH 13           | 32                        | 24                         | (32)   |
| <b>12 MO TOTAL</b> | <b>\$390</b>              | <b>\$390</b>               |  |
| <b>13 MO AVG</b>   |                           |                            | <b>(\$17)</b>                                |

**B. PROPERTY TAXES**

|                    | (4)                                | (5)                        | (6)  |
|--------------------|------------------------------------|----------------------------|--|
|                    | MONTHLY<br>PROPERTY<br>TAX EXPENSE | PROPERTY<br>TAX<br>PAYMENT | PROPERTY<br>TAXES PAYABLE<br>BALANCE         |
|                    | Note (b)                           | Note (b)                   | prior mo bal col (6)<br>+curr mo col (4)+(5) |
|                    | \$583                              | \$0                        | (\$583)                                      |
|                    | 583                                | 0                          | (1,167)                                      |
|                    | 583                                | 0                          | (1,750)                                      |
|                    | 583                                | 0                          | (2,333)                                      |
|                    | 583                                | 0                          | (2,917)                                      |
|                    | 583                                | 0                          | (3,500)                                      |
|                    | 583                                | 0                          | (4,083)                                      |
|                    | 583                                | 0                          | (4,667)                                      |
|                    | 583                                | 0                          | (5,250)                                      |
|                    | 583                                | 0                          | (5,833)                                      |
|                    | 583                                | 0                          | (6,417)                                      |
|                    | 583                                | 7,000                      | 0  |
|                    | 583                                | 0                          | (583)  |
| <b>12 MO TOTAL</b> | <b>\$7,000</b>                     | <b>\$7,000</b>             |  |
| <b>13 MO AVG</b>   | <b>\$583</b>                       | <b>\$538</b>               | <b>(\$3,006)</b>                             |

(a) Payroll taxes were derived using statutory tax rates provided by the Payroll Dept. applied to projected O&M payroll expenses provided by the Project Management Department. FICA tax payments are made monthly and unemployment tax payments are made quarterly.

(b) Property taxes were provided by the Tax Department.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING

**CURRENT INCOME TAXES  
(\$THOUSANDS)**

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-EI  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 8  
PAGE 1 OF 1

•DEBIT/(CREDIT)

|                    | (1)                              | (2)                              | (3)                                       | (4)                        | (5)                   | (6)                         | (7)                            | (8)                           | (9)                           | (10)  |
|--------------------|----------------------------------|----------------------------------|---|----------------------------|-----------------------|-----------------------------|--------------------------------|-------------------------------|-------------------------------|---|
|                    | DEPREC &<br>DISMANTL<br>EXPENSE  | O&M<br>EXPENSE                   | PAYROLL<br>& PROPERTY<br>TAXES<br>EXPENSE | TAXABLE<br>INCOME          | EFFECTIVE<br>TAX RATE | TOTAL<br>INC TAX<br>EXPENSE | DEFERRED<br>INC TAX<br>EXPENSE | CURRENT<br>INC TAX<br>EXPENSE | CURRENT<br>INC TAX<br>PAYMENT | CURRENT<br>INC TAX<br>PAYABLE<br>BALANCE      |
|                    | Document 2<br>p.1 of 1, col. (7) | Document 6<br>p.1 of 1, col. (5) | Doc. 7, p.1 of<br>1, col. (1)+(4)         | -(sum col (1)<br>thru (3)) | Note (a)              | col (4) x (5)               | Doc. 4, p. 1<br>of 1, col. (9) | col (5) - (7)                 | Note (b)                      | prior mo bal col (10)<br>+curr mo col (8)+(9) |
| MONTH 1            | \$1,858                          | (\$35)                           | \$615                                     | (2,438)                    | 38.575%               | (\$940)                     | \$1,361                        | (\$2,302)                     | \$0                           | \$2,302                                       |
| MONTH 2            | 1,858                            | 798                              | 619                                       | (3,276)                    | 38.575%               | (1,264)                     | 1,361                          | (2,625)                       | 0                             | 4,927   |
| MONTH 3            | 1,858                            | 570                              | 614                                       | (3,043)                    | 38.575%               | (1,174)                     | 1,361                          | (2,535)                       | (7,462)                       | (0)   |
| MONTH 4            | 1,858                            | 378                              | 615                                       | (2,852)                    | 38.575%               | (1,100)                     | 3,293                          | (4,393)                       | 0                             | 4,393   |
| MONTH 5            | 1,858                            | 68                               | 614                                       | (2,541)                    | 38.575%               | (980)                       | 3,293                          | (4,273)                       | 0                             | 8,665   |
| MONTH 6            | 1,858                            | 204                              | 615                                       | (2,678)                    | 38.575%               | (1,033)                     | 3,293                          | (4,326)                       | (12,991)                      | (0)   |
| MONTH 7            | 1,858                            | (2)                              | 615                                       | (2,471)                    | 38.575%               | (953)                       | 3,293                          | (4,246)                       | 0                             | 4,246   |
| MONTH 8            | 1,858                            | 181                              | 615                                       | (2,655)                    | 38.575%               | (1,024)                     | 3,293                          | (4,317)                       | 0                             | 8,563   |
| MONTH 9            | 1,858                            | 4                                | 615                                       | (2,477)                    | 38.575%               | (956)                       | 3,293                          | (4,248)                       | (12,811)                      | (0)   |
| MONTH 10           | 1,858                            | 1,265                            | 622                                       | (3,745)                    | 38.575%               | (1,445)                     | 3,293                          | (4,737)                       | 0                             | 4,737   |
| MONTH 11           | 1,858                            | 377                              | 616                                       | (2,851)                    | 38.575%               | (1,100)                     | 3,293                          | (4,392)                       | 0                             | 9,130   |
| MONTH 12           | 1,858                            | 8                                | 615                                       | (2,481)                    | 38.575%               | (957)                       | 3,293                          | (4,250)                       | (13,380)                      | 0   |
| MONTH 13           | 1,858                            | 0                                | 616                                       | (2,474)                    | 38.575%               | (954)                       | 3,293                          | (4,247)                       | 0                             | 4,247   |
| <b>12 MO TOTAL</b> | <b>\$22,301</b>                  | <b>\$3,816</b>                   | <b>\$7,390</b>                            | <b>(\$33,507)</b>          |                       | <b>(\$12,925)</b>           | <b>\$33,718</b>                | <b>(\$46,644)</b>             |                               |   |
| <b>13 MO AVG</b>   |                                  |                                  |   |                            |                       |                             |                                |                               |                               | <b>\$3,939</b>                                |

Total income tax expense was derived by applying an effective tax rate to a calculated taxable income basis. Current income taxes equal total income tax expense less deferred income taxes. Deferred income taxes are derived on Document 4, page 1 of 1, of this Exhibit.

(a) Effective tax rate derived based on Federal and State income tax rates of 35% and 5.5%, respectively.

(b) Income tax payments are made quarterly.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING

TOTAL OPERATING EXPENSES  
(\$THOUSANDS)

TAMPA ELECTRIC COMPANY  
DOCKET NO. 960409-E1  
EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
DOCUMENT NO. 9  
PAGE 1 OF 1

+DEBIT/(CREDIT)

|                       | (1)   | (2)  | (3)                                   | (4)                                  | (5)   | (6)  | (7)                            |
|-----------------------|---|--|---------------------------------------|--------------------------------------|---|--|--------------------------------|
|                       | TOTAL O&M<br>EXPENSE<br>INCL FRINGE<br>ACCT. 401.02 & 402 | TOTAL<br>DEPREC &<br>DISM EXPENSE<br>ACCT. 403 | PAYROLL TAX<br>EXPENSE<br>ACCT. 408.1 | PROPERTY TAX<br>EXPENSE<br>ACCT. 408 | CURRENT<br>INCOME TAX<br>EXPENSE<br>ACCT. 409 | DEFERRED<br>INCOME TAX<br>EXPENSE<br>ACCT. 410 | TOTAL<br>OPERATING<br>EXPENSES |
| REFERENCE             | Document 6<br>p. 1 of 1, col. (5)                         | Document 2<br>p. 1 of 1, col. (7)              | Document 7<br>p. 1 of 1, col. (1)     | Document 7<br>p. 1 of 1, col. (4)    | Document 8<br>p. 1 of 1, col. (8)             | Document 4<br>p. 1 of 1, col. (9)              | Sum col (1) thru (6)           |
| MONTH 1               | (\$35)  | \$1,858  | \$31                                  | \$583                                | (\$2,302)                                     | \$1,361  | \$1,498                        |
| MONTH 2               | 798   | 1,858  | 36                                    | 583                                  | (2,625)                                       | 1,361  | 2,012                          |
| MONTH 3               | 570   | 1,858  | 31                                    | 583                                  | (2,535)                                       | 1,361  | 1,869                          |
| MONTH 4               | 378   | 1,858  | 32                                    | 583                                  | (4,393)                                       | 3,293  | 1,752                          |
| MONTH 5               | 68  | 1,858  | 31                                    | 583                                  | (4,273)                                       | 3,293  | 1,561                          |
| MONTH 6               | 204   | 1,858  | 32                                    | 583                                  | (4,326)                                       | 3,293  | 1,645                          |
| MONTH 7               | (2)   | 1,858  | 31                                    | 583                                  | (4,246)                                       | 3,293  | 1,518                          |
| MONTH 8               | 181   | 1,858  | 32                                    | 583                                  | (4,317)                                       | 3,293  | 1,631                          |
| MONTH 9               | 4   | 1,858  | 31                                    | 583                                  | (4,248)                                       | 3,293  | 1,522                          |
| MONTH 10              | 1,265   | 1,858  | 39                                    | 583                                  | (4,737)                                       | 3,293  | 2,301                          |
| MONTH 11              | 377   | 1,858  | 32                                    | 583                                  | (4,392)                                       | 3,293  | 1,751                          |
| MONTH 12              | 8   | 1,858  | 31                                    | 583                                  | (4,250)                                       | 3,293  | 1,524                          |
| <b>12 MONTH TOTAL</b> | <b>\$3,816</b>  | <b>\$22,301</b>                                | <b>\$390</b>                          | <b>\$7,000</b>                       | <b>(\$46,644)</b>                             | <b>\$33,718</b>                                | <b>\$20,582</b>                |

To reflect the incremental impact to Total Operating Expenses from the addition of the Polk Project as though it had been fully operational for a typical year.

The 12-month total Operating Expenses impact includes depreciation, operations and maintenance, property & payroll taxes and income tax expenses.

MAY NOT FOOT OR CROSSFOOT DUE TO ROUNDING



FUEL INVENTORY

TAMPA ELECTRIC COMPANY  
 DOCKET NO. 960409-EI  
 EXHIBIT NO. \_\_\_\_\_ (EAT-1)  
 DOCUMENT NO. 10  
 PAGE 1 OF 1

|               | <u>COAL</u>  |              |                | <u>#2 OIL</u> |              |                | <u>PROPANE</u> |              |                | <u>TOTAL</u> |
|---------------|--------------|--------------|----------------|---------------|--------------|----------------|----------------|--------------|----------------|--------------|
|               | <u>UNITS</u> | <u>\$000</u> | <u>\$/UNIT</u> | <u>UNITS</u>  | <u>\$000</u> | <u>\$/UNIT</u> | <u>UNITS</u>   | <u>\$000</u> | <u>\$/UNIT</u> | <u>\$000</u> |
| MONTH 1       | 61,000       | \$3,116      | \$51.082       | 35,700        | \$910        | \$25.501       | 25,000         | \$13         | \$0.518        | \$4,039      |
| MONTH 2       | 73,000       | 3,477        | 47.630         | 35,700        | 910          | 25.503         | 25,000         | 13           | 0.519          | 4,400        |
| MONTH 3       | 83,000       | 4,285        | 51.627         | 35,700        | 911          | 25.507         | 25,000         | 13           | 0.519          | 5,209        |
| MONTH 4       | 84,000       | 4,174        | 49.690         | 35,700        | 911          | 25.511         | 25,000         | 13           | 0.519          | 5,098        |
| MONTH 5       | 85,000       | 4,244        | 49.929         | 35,700        | 911          | 25.516         | 25,000         | 13           | 0.520          | 5,168        |
| MONTH 6       | 97,000       | 4,932        | 50.845         | 35,700        | 911          | 25.522         | 25,000         | 13           | 0.520          | 5,856        |
| MONTH 7       | 98,000       | 5,013        | 51.153         | 35,700        | 912          | 25.544         | 25,000         | 13           | 0.520          | 5,938        |
| MONTH 8       | 98,000       | 4,988        | 50.898         | 35,700        | 913          | 25.566         | 25,000         | 13           | 0.520          | 5,914        |
| MONTH 9       | 98,000       | 4,994        | 50.959         | 35,700        | 914          | 25.601         | 25,000         | 13           | 0.520          | 5,921        |
| MONTH 10      | 98,000       | 5,001        | 51.031         | 35,700        | 916          | 25.653         | 25,000         | 13           | 0.524          | 5,930        |
| MONTH 11      | 98,000       | 4,997        | 50.990         | 35,700        | 918          | 25.705         | 25,000         | 13           | 0.526          | 5,928        |
| MONTH 12      | 142,000      | 7,002        | 49.310         | 35,700        | 919          | 25.750         | 25,000         | 13           | 0.528          | 7,934        |
| MONTH 13      | 98,000       | 4,993        | 50.949         | 35,700        | 919          | 25.751         | 25,000         | 13           | 0.528          | 5,926        |
| 13 MO AVERAGE | 93,307       | \$4,709      | \$50.467       | 35,700        | \$913        | \$25.587       | 25,000         | \$13         | \$0.521        | \$5,635      |