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June 26, 2000

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

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RE: Docket No. 950379-EI

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of a Prehearing Statement of the Office of Public Counsel for filing in the above referenced file.

Also enclosed is a 3.5 inch diskette containing the Prehearing Statement of the Office of Public Counsel in WordPerfect for Windows 6.1. Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

John Roger Howe
Deputy Public Counsel

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of regulated)
earnings of Tampa Electric Company)
pursuant to stipulations for calendar)
years 1995 through 1999)
_____)

Docket No. 950379-EI
Filed: June 26, 2000

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to Order No. PSC-00-0169-PCO-EI, submit this Prehearing Statement.

APPEARANCES

JOHN ROGER HOWE, Esquire
Deputy Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida

A. WITNESSES:

None.

B. EXHIBITS:

None. Although exhibits may be introduced during the course of cross-examination.

C. STATEMENT OF BASIC POSITION

The stipulations which gave rise to this proceeding require that Tampa Electric's earnings be calculated consistent with the manner in which rates were set in the company's last rate case. In the last rate case certain wholesale sales were fully separated from the retail jurisdiction. Costs associated with such assets, even if the underlying wholesale transaction is terminated, cannot be returned to the retail jurisdiction without prior Commission approval. The jurisdictional separation remains in place until the Commission orders otherwise.

The Second Stipulation required that wholesale sales entered into after the stipulation be separated in the same manner as was used in the rate case. Accordingly, the Commission, in Order No. PSC-97-1273-FOF-EU (issued October 15, 1997, in Docket No. 970171-EI), required that new

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wholesale contracts with the Florida Municipal Power Agency (FMPA) and the City of Lakeland be fully separated. As a result, these two contracts were in the same posture as other wholesale transactions fully separated in the last case. Capital and O&M costs associated with assets committed to the FMPA and Lakeland sales could not be reassigned to the retail jurisdiction without Commission action. The Second Stipulation, negotiated at arm's length, did not give Tampa Electric authority to unilaterally assign previously separated costs from the FMPA and Lakeland sales to the retail jurisdiction.

The orders issued at the end of the last rate case also required that Tampa Electric not accrue AFUDC on the \$36 million of CWIP allowed in rate base. It appears, however, that Tampa Electric accrued AFUDC on eligible CWIP below this threshold. If so, the company's rate base is overstated by the amount of the improperly accrued AFUDC.

D. STATEMENT OF FACTUAL ISSUES AND POSITIONS:

ISSUE 1: What is the appropriate regulatory treatment of the Florida Municipal Power Agency ("FMPA") and Lakeland wholesale contracts in 1997 and 1998?

OPC: Tampa Electric was directed to separate the FMPA and Lakeland sales in Order No. PSC-97-1273-FOF-EU. The separation should continue until Tampa Electric obtains an order to the contrary.

ISSUE 2: Should Tampa Electric's rate base for 1997 and/or 1998 be adjusted to recognize the effects of AFUDC accrued on CWIP balances below the level included in rate base in the company's last rate case?

OPC: The accrual of AFUDC on CWIP balances below the level included in rate base in the company's last rate case would: (1) be inconsistent with the last rate case; (2) overstate Tampa Electric's rate base; and (3) artificially reduce the amount of revenues to be refunded pursuant to the stipulations. (Discovery responses on this issue are pending.)

ISSUE 3: Is the amount which Tampa Electric has included in rate base for the Polk Power Station project appropriate under the Stipulation for calculating Tampa Electric's earnings in 1997 and 1998?

OPC: No position at this time.

ISSUE 4: What is the appropriate rate base for 1997 and 1998?

OPC: The rate base should be adjusted to separate FMPA and Lakeland and to remove improperly accrued AFUDC.

ISSUE 5a: Is the use of an equity ratio of 58.7% to calculate Tampa Electric's in 1997 and 1998 reasonable under the Stipulation?

OPC: No position at this time.

ISSUE 5b: What is the appropriate debt/equity ratio for Tampa Electric?

OPC: No position at this time.

ISSUE 6: What is the appropriate capital structure for purposes of measuring earnings for 1997 and 1998?

OPC: No position at this time.

ISSUE 7: Are Tampa Electric's customers providing revenue to Tampa Electric for income taxes it does not have to pay?

OPC: No position at this time.

ISSUE 8: What is the appropriate net operating income for 1997 and 1998? (Based on the resolution of the foregoing issues.)

OPC: No position at this time.

ISSUE 9: What is the maximum amount of deferred revenues that can be reversed in 1997's and 1998's earnings? (Based on the resolution of the foregoing issues.)

OPC: No position at this time.

ISSUE 10: What is the amount to be refunded? (Based on the resolution of the foregoing issues.)

OPC: No position at this time.

E. STATEMENT OF LEGAL ISSUES AND POSITIONS:

None.

F. STATEMENT OF POLICY ISSUES AND POSITIONS:

None.

G. STIPULATED ISSUES:

None.

H. PENDING MOTIONS:

None.

I. PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

J. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no provisions of the order establishing procedure with which the Office of Public Counsel cannot comply.

Respectfully submitted,

JACK SHREVE
Public Counsel



John Roger Howe
Deputy Public Counsel

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Attorneys for the Citizens
of the State of Florida

**CERTIFICATE OF SERVICE
DOCKET NO. 950379-EI**

I HEREBY certify that a copy of the foregoing PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL has been served by *hand delivery or U.S. Mail to the following parties of record on this 26th day of June, 2000.

*Robert V. Elias, Esquire
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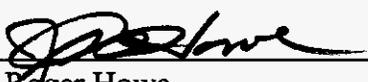
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