

AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

June 26, 2000

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RECORDS AND REPORTING

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BY HAND DELIVERY

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

Re: Determination of regulated earnings of Tampa Electric Company pursuant to stipulations for calendar years 1995 through 1999; Docket No. 950379-EI

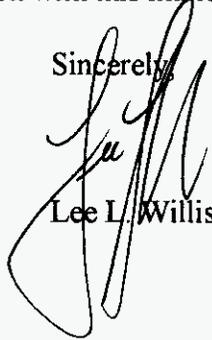
Dear Ms. Bayo:

Enclosed for filing in the above docket are fifteen (15) copies of Tampa Electric Company's Prehearing Statement. Also enclosed is a 3.5 diskette in Rich Text format.

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

Thank you for your assistance in connection with this matter.

Sincerely,



Lee L. Willis

LLW/bjd
Enclosures

- APP _____
- CAF _____
- OMP _____
- SCM _____
- GTR _____
- EGR _____
- LFO _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- OTH _____

3 All Parties of Record (w/encl.)

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FPSC-RECORDS/REPORTING

ORIGINAL

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

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES

LEE L. WILLIS
JAMES D. BEASLEY and
KENNETH R. HART
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES:

| <u>Witness</u> | <u>Subject Matter</u> | <u>Issues</u> |
|---------------------|--|----------------------|
| <u>Direct</u> | | |
| Delaine M. Bacon | Accounting | 1, 4, 6, 7, 8, 9, 10 |
| Phil L. Barringer | Accounting | 2 |
| Charles R. Black | Polk Power Station | 3 |
| Sandra W. Callahan | Equity Ratio | 5 |
| <u>Rebuttal</u> | | |
| Sandra W. Callahan | Equity Ratio | 5 |
| Thomas L. Hernandez | FMPA and Lakeland Wholesale Contracts | 1 |

DOCUMENT NUMBER-DATE

07753 JUN 26 8

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C. EXHIBITS:

| <u>Exhibit</u> | <u>Witness</u> | <u>Description</u> |
|----------------|----------------|--------------------------------|
| DMB-1 | Bacon | Exhibit of Delaine M. Bacon |
| CRB-1 | Black | Exhibit of Charles R. Black |
| TLH-1 | Hernandez | Exhibit of Thomas L. Hernandez |

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

After a thorough audit and extensive review of Tampa Electric's earnings for 1997 and 1998, the Commission's PAA orders reviewing Tampa Electric's earnings for those years correctly stated the appropriate amounts of deferred revenues to be reversed in both years and the appropriate amount of refund to be \$11,226,598. These orders should be reissued as final.

E. STATEMENT OF 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?**

TECO:

The Lakeland contract was appropriately separated in 1997 until Tampa Electric exited that sale in December 1997. The FMPA sale was separated in 1997 and 1998 until March 1998 when Tampa Electric began serving through third party resources. Since April 28, 1998 every megawatt of generating capacity and every megawatt of energy required to serve the sale were purchased for FMPA from FPC and PECO. All of these purchased power costs necessary to serve the FMPA contract were excluded from the retail jurisdiction and all of Tampa Electric's assets previously used to serve the FMPA contract were available to serve retail load.

(Witnesses: Bacon, Hernandez)

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

TECO:

Tampa Electric reflected the \$36,000,000 CWIP threshold in 1998 results for calculating AFUDC based upon the Commission's decision in Order No. PSC-99-0075-FOF-EI. Tampa Electric did not consider the \$36,000,000 CWIP threshold for calculating AFUDC in 1997 because the Commission's order was subsequent to 1997. If a decision is made to recalculate AFUDC accrued in 1997 for purposes of determining the prospective rate base then the CWIP in rate base for 1997 should be increased.

(Witness: Barringer)

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?

TECO:

Yes. The \$509,908,767 final capital cost for the Polk Power Station project was within the \$506,165,000 plus one percent established in the Stipulation between the parties.

(Witness: Black)

ISSUE 4: What is the appropriate rate base for 1997 and 1998? (Fall out issue based on the resolutions of issues 1 and 2 above)

TECO:

Tampa Electric's rate base was appropriately determined to be \$2,084,268,120 in PAA Orders PSC-99-1940-PAA-EI issued October 1, 1999 with respect to 1997 and to be \$2,136,797,562 in PAA Order PSC-99-2007-PAA-EI issued October 14, 1999 with respect to 1998.

(Witness: Bacon)

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

TECO:

Yes, while Tampa Electric believes its actual capital structure as presented in its surveillance reports for 1997 and 1998 is the most appropriate capital structure for those years, the Company is willing to accept the Commission's decision to use a 58.7% equity ratio which was Tampa Electric's actual equity ratio in 1995 and the equity ratio approved by the Commission for Tampa Electric for 1996.

(Witness: Callahan)

ISSUE 6: What is the appropriate capital structure for purposes of measuring earnings for 1997 and 1998? (Fall out issue based on the resolution of issue 5 above)

TECO:

Tampa Electric's capital structure for 1997 and 1998 was appropriately stated in PAA Order PSC-99-1940-PAA-EI issued October 1, 1999 with respect to 1997 and PAA Order PSC-99-1007-PAA-EI issued October 14, 1999.

(Witness: Callahan)

ISSUE 7: Are TECO customers providing revenue to TECO for income taxes it does not have to pay?

TECO:

No.

(Witness: Bacon)

ISSUE 8: What is the appropriate net operating income for 1997 and 1998? (Fall out issue from issue 7)

TECO:

Tampa Electric's net operating income for 1997 and 1998 was appropriately stated in PAA Order PSC-99-1940-PAA-EI issued October 1, 1999 with respect to 1997 and PAA Order PSC-99-1007-PAA-EI issued October 14, 1999.

(Witness: Bacon and Barringer)

ISSUE 9: **What is the maximum amount of deferred revenues that can be reversed in 1997's and 1998's earnings?**

TECO:

The maximum amount of deferred revenue that can be reversed into 1997 earnings is \$27,056,807 as stated in Order No. PSC-99-1940-PAA-EI issued October 1, 1999.

The maximum of deferred revenues to be reversed into 1998 earnings is \$34,069,010 as stated in Order No. PSC-99-1007-PAA-EI issued October 14, 1999.

(Witnesses: Bacon and Barringer)

ISSUE 10: **What is the amount to be refunded?**

TECO:

As stated in Order PSC No. 99-2007-PAA-EI issued October 14, 1999 is \$11,226,598.

(Witnesses: Bacon and Barringer)

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time

H. OTHER MATTERS

TECO: None at this time.

DATED this 26th day of June 2000.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'L. Willis', written over a horizontal line.

LEE L. WILLIS
JAMES D. BEASLEY and
KENNETH R. HART
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

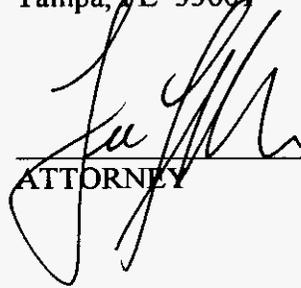
I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 26th day of June 2000 to the following:

Mr. Robert V. Elias*
Staff Counsel
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

John Roger Howe
Deputy Public Counsel
Office of Public Counsel
111 West Madison Street, Rm. 812
Tallahassee, FL 32399

Ms. Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin, Davidson,
Decker, Kaufman, Arnold & Steen, P.A.
117 S. Gadsden Street
Tallahassee, FL 32301

Mr. John W. McWhirter, Jr.
McWhirter, Reeves, McGlothlin, Davidson,
Decker, Kaufman, Arnold & Steen, P.A.
Post Office Box 3350
Tampa, FL 33601



ATTORNEY