

ORIGINAL

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August 22, 2001

HAND DELIVERED

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01 AUG 22 PM 2:22
COMMISSION
CLERK

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

Re: Docket Nos. 001148-EI, 010577-EI and 000824-EI

Dear Ms. Bayo:

On August 15, 2001 we filed on behalf of Florida Power & Light Company, Tampa Electric Company and Florida Power Corporation various materials including Exhibit (WRA-2) of William R. Ashburn. That exhibit was intended to be a four-page exhibit, although only the first page of the exhibit was included in the filing. We enclose for filing the original and fifteen (15) copies of the complete Exhibit (WRA-2) and request that they be routed to the recipients of the original filing.

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

- APP _____
- CAF _____
- CMP _____
- COM 5 _____
- CTR _____
- ECR _____
- LEG T _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- OTH _____

JDB/pp
Enclosures

cc: All parties of record (w/encls.)

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DOCUMENT NUMBER-DATE

10399 AUG 22 2001

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FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Exhibit (WRA-2), filed on behalf of Florida Power & Light Company, Tampa Electric Company and Florida Power Corporation has been furnished by hand delivery (*), overnight delivery (**), or U. S. Mail on this 22nd day of August 2001 to the following:

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Ms. Blanca S. Bayo
August 22, 2001
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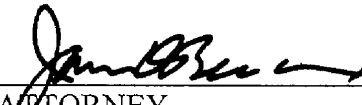
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ATTORNEY

EXHIBIT NO. _____
DOCKET NOS. 000824-EI,
001148-EI, 010577-EI
FLORIDA POWER CORPORATION
FLORIDA POWER & LIGHT
TAMPA ELECTRIC COMPANY
(WRA-2)
DOCUMENT NO. 1
FILED: AUGUST 15, 2001

EXHIBITS TO THE JOINT TESTIMONY OF
WILLIAM R. ASHBURN
DOCUMENT NO. 1

DEVELOPMENT OF START-UP COST
REVENUE REQUIREMENT
NET COST RESPONSIBILITY
ON GRIDFLORIDA USER - TOTAL RETAIL

GridFlorida

Development of Start-up Cost Revenue Requirement Net Cost Responsibility on GridFlorida User - Total Retail

Line	<i>Revenue Requirement Developed For Illustrative Purposes:</i>						
	Year						
	1	2	3	4	5		
1							
2	Revenue Requirement Summary (000)						
3	Annual Amortization	\$24,007	\$24,007	\$24,007	\$24,007	\$24,007	
4	Return on Rate Base	10,533	8,192	5,852	3,511	1,170	
5	Income Taxes	4,478	3,483	2,488	1,493	498	
6	Total Revenue Requirement	\$39,018	\$35,682	\$32,346	\$29,011	\$25,675	
7							
8							
9	Return on Rate Base (000):	(L20 * L27)	\$10,533	\$8,192	\$5,852	\$3,511	\$1,170
10							
11	Rate Base (\$000s)						
12	Plant in Service	120,035	120,035	120,035	120,035	120,035	
13	Accumulated Amortization	24,007	48,014	72,021	96,028	120,035	
14	Net Plant in Service	96,028	72,021	48,014	24,007	-	
15	Average Net Plant	108,032	84,025	60,018	36,011	12,004	
16							
17	Deductions to Rate Base:						
18	Accumulated Deferred Income Tax	0	0	0	0	0	
19							
20	Total Rate Base	(L15 - L18)	108,032	84,025	60,018	36,011	12,004
21							
22	Rate of Return Equals						
23	<i>Illustrative overall weighted cost assumptions:</i>						
24	Long Term Debt			Ratio	Costs	ROR	
25	Preferred Stock			45%	7%	3.15%	
26	Common Stock			0%	0%	0.00%	
27				55%	12%	6.60%	
28						<u>9.75%</u>	
29	Income Tax Equals (000)						
30	<i>The total Federal and State Income Taxes determined by the following formula:</i>						
31	Income Taxes = Total Rate Base x (Preferred Stock ROR + Common Stock ROR) x Composite Tax Rate						
32							
33	Total Rate Base	(L20)	108,032	84,025	60,018	36,011	12,004
34	Pref Stk ROR + Common Stk ROR	(L25 + L26)	6.6%	6.6%	6.6%	6.6%	6.6%
35	After-tax return	(L33 x L34)	7,130	5,546	3,961	2,377	792
36	Composite Tax Rate	L44+(1-L44)xL45	38.575%	38.575%	38.575%	38.575%	38.575%
37	Pre-tax return	L35 / (1 - L36)	11,608	9,028	6,449	3,869	1,290
38	Income Tax Equals (000)	L37 - L35	4,478	3,483	2,488	1,493	498
39							
40	Assumptions:						
41	Start-up Costs based on Table 1, Witness Holcombe Exhibit (BLH 3)						
42	Recovery period (subject to FERC approval)		\$120,035	5 years			
43	Tax Life (years)			5 straight line			
44	State Tax Rate			5.5%			
45	Federal Tax Rate			35.0%			

GridFlorida

Development of Start-up Cost Revenue Requirement Net Cost Responsibility on GridFlorida User - FPL Retail

Revenue Requirement Developed For Illustrative Purposes:

Line		Year				
		1	2	3	4	5
1						
2	Revenue Requirement Summary (000)					
3	Annual Amortization	\$14,073	\$14,073	\$14,073	\$14,073	\$14,073
4	Return on Rate Base	6,175	4,803	3,430	2,058	686
5	Income Taxes	2,625	2,042	1,458	875	292
6	Total Revenue Requirement	\$22,873	\$20,918	\$18,962	\$17,007	\$15,051
7						
8						
9	Return on Rate Base (000):	\$6,175	\$4,803	\$3,430	\$2,058	\$686
10	(L20 * L27)					
11	Rate Base (\$000s)					
12	Plant in Service	70,367	70,367	70,367	70,367	70,367
13	Accumulated Amortization	14,073	28,147	42,220	56,294	70,367
14	Net Plant in Service	<u>56,294</u>	<u>42,220</u>	<u>28,147</u>	<u>14,073</u>	<u>-</u>
15	Average Net Plant	63,330	49,257	35,184	21,110	7,037
16						
17	Deductions to Rate Base:					
18	Accumulated Deferred Income Tax	0	0	0	0	0
19						
20	Total Rate Base	63,330	49,257	35,184	21,110	7,037
21	(L15 - L18)					
22	Rate of Return Equals					
23	<i>Illustrative overall weighted cost assumptions:</i>			Ratio	Costs	ROR
24	Long Term Debt			45%	7%	3.15%
25	Preferred Stock			0%	0%	0.00%
26	Common Stock			55%	12%	6.60%
27						<u>9.75%</u>
28						
29	Income Tax Equals (000)					
30	<i>The total Federal and State Income Taxes determined by the following formula:</i>					
31	Income Taxes = Total Rate Base x (Preferred Stock ROR + Common Stock ROR) x Composite Tax Rate					
32						
33	Total Rate Base	(L20) 63,330	49,257	35,184	21,110	7,037
34	Pref Stk ROR + Common Stk ROR	(L25 + L26) 6.6%	6.6%	6.6%	6.6%	6.6%
35	After-tax return	(L33 x L34) 4,180	3,251	2,322	1,393	464
36	Composite Tax Rate	L44+(1-L44)xL45 38.575%	38.575%	38.575%	38.575%	38.575%
37	Pre-tax return	L35 / (1 - L36) 6,805	5,293	3,780	2,268	756
38	Income Tax Equals (000)	L37 - L35 2,625	2,042	1,458	875	292
39						
40	Assumptions:					
41	Start-up Costs based on Table 1, Witness Holcombe Exhibit (BLH 3)	\$70,367				
42	Recovery period (subject to FERC approval)		5 years			
43	Tax Life (years)		5 straight line			
44	State Tax Rate		5.5%			
45	Federal Tax Rate		35.0%			

GridFlorida

Development of Start-up Cost Revenue Requirement
Net Cost Responsibility on GridFlorida User - FPC Retail

Line	Revenue Requirement Developed For Illustrative Purposes:						
	Year						
	1	2	3	4	5		
2	Revenue Requirement Summary (000)						
3	Annual Amortization	\$6,552	\$6,552	\$6,552	\$6,552	\$6,552	
4	Return on Rate Base	2,875	2,236	1,597	958	319	
5	Income Taxes	1,222	950	679	407	136	
6	Total Revenue Requirement	\$10,648	\$9,738	\$8,827	\$7,917	\$7,007	
7							
8							
9	Return on Rate Base (000):	(L20 * L27)	\$2,875	\$2,236	\$1,597	\$958	\$319
10							
11	Rate Base (\$000s)						
12	Plant in Service	32,758	32,758	32,758	32,758	32,758	
13	Accumulated Amortization	6,552	13,103	19,655	26,206	32,758	
14	Net Plant in Service	26,206	19,655	13,103	6,552	-	
15	Average Net Plant	29,482	22,931	16,379	9,827	3,276	
16							
17	Deductions to Rate Base:						
18	Accumulated Deferred Income Tax	0	0	0	0	0	
19							
20	Total Rate Base	(L15 - L18)	29,482	22,931	16,379	9,827	3,276
21							
22	Rate of Return Equals						
23	<i>Illustrative overall weighted cost assumptions:</i>						
24	Long Term Debt			Ratio	Costs	ROR	
25	Preferred Stock			45%	7%	3.15%	
26	Common Stock			0%	0%	0.00%	
27				55%	12%	6.60%	
28						<u>9.75%</u>	
29	Income Tax (000)						
30	<i>The total Federal and State Income Taxes determined by the following formula:</i>						
31	Income Taxes = Total Rate Base x (Preferred Stock ROR + Common Stock ROR) x Composite Tax Rate						
32							
33	Total Rate Base	(L20)	29,482	22,931	16,379	9,827	3,276
34	Pref Stk ROR + Common Stk ROR	(L25 + L26)	6.6%	6.6%	6.6%	6.6%	6.6%
35	After-tax return	(L33 x L34)	1,946	1,513	1,081	649	216
36	Composite Tax Rate	L44+(1-L44)xL45	38.575%	38.575%	38.575%	38.575%	38.575%
37	Pre-tax return	L35 / (1 - L36)	3,168	2,464	1,760	1,056	352
38	Income Tax Equals	L37 - L35	1,222	950	679	407	136
39							
40	Assumptions:						
41	Start-up Costs based on Table 1, Witness Holcombe						
42	Exhibit (BLH 3)		\$32,758				
43	Recovery period (subject to FERC approval)		5 years				
44	Tax Life (years)		5 straight line				
45	State Tax Rate		5.5%				
46	Federal Tax Rate		35.0%				

GridFlorida

Development of Start-up Cost Revenue Requirement Net Cost Responsibility on GridFlorida User - TECO Retail

Line	<i>Revenue Requirement Developed For Illustrative Purposes:</i>						
	Year						
	1	2	3	4	5		
1							
2	Revenue Requirement Summary (000)						
3	Annual Amortization	\$3,382	\$3,382	\$3,382	\$3,382	\$3,382	
4	Return on Rate Base	1,484	1,154	824	495	165	
5	Income Taxes	631	491	350	210	70	
6	Total Revenue Requirement	\$5,497	\$5,027	\$4,557	\$4,087	\$3,617	
7							
8							
9	Return on Rate Base (000):	(L20 * L27)	\$1,484	\$1,154	\$824	\$495	\$165
10							
11	Rate Base (\$000s)						
12	Plant in Service	16,910	16,910	16,910	16,910	16,910	
13	Accumulated Amortization	3,382	6,764	10,146	13,528	16,910	
14	Net Plant in Service	13,528	10,146	6,764	3,382	-	
15	Average Net Plant	15,219	11,837	8,455	5,073	1,691	
16							
17	Deductions to Rate Base:						
18	Accumulated Deferred Income Tax	0	0	0	0	0	
19							
20	Total Rate Base	(L15 - L18)	15,219	11,837	8,455	5,073	1,691
21							
22	Rate of Return Equals						
23	<i>Illustrative overall weighted cost assumptions:</i>						
24	Long Term Debt		Ratio	Costs	ROR		
25	Preferred Stock		45%	7%	3.15%		
26	Common Stock		0%	0%	0.00%		
27			55%	12%	6.60%		
28					<u>9.75%</u>		
29	Income Tax Equals (000)						
30	<i>The total Federal and State Income Taxes determined by the following formula:</i>						
31	Income Taxes = Total Rate Base x (Preferred Stock ROR + Common Stock ROR) x Composite Tax Rate						
32							
33	Total Rate Base	(L20)	15,219	11,837	8,455	5,073	1,691
34	Pref Stk ROR + Common Stk ROR	(L25 + L26)	6.6%	6.6%	6.6%	6.6%	6.6%
35	After-tax return	(L33 x L34)	1,004	781	558	335	112
36	Composite Tax Rate	L44+(1-L44)xL45	38.575%	38.575%	38.575%	38.575%	38.575%
37	Pre-tax return	L35 / (1 - L36)	1,635	1,272	908	545	182
38	Income Tax Equals (000)	L37 - L35	631	491	350	210	70
39							
40	Assumptions:						
41	Start-up Costs based on Table 1, Witness Holcombe Exhibit (BLH 3)		\$16,910				
42	Recovery period (subject to FERC approval)		5 years				
43	Tax Life (years)		5 straight line				
44	State Tax Rate		5.5%				
45	Federal Tax Rate		35.0%				