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# 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

August 22, 2001

#### HAND DELIVERED

Ms. Blanca S. Bayo, Director Division of Commission Clerk and Administrative Services Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 LECEIVED-FPSC AUG 22 PH 2: 22 COMMISSION

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,

ALL OF RECORDS

James D. Beasley

APP CAF JDB/pp CMP COM Enclosures CTR ECR All parties of record (w/encls.) cc: LEG OPC PAI RECEIVED & FILED RGO SEC SER FPSC-BURE

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DOCUMENT NUMBER-DATE

FPSC-COMMISSION CLERK

Ms. Blanca S. Bayo August 22, 2001 Page 2

#### 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 22 day

of August 2001 to the following:

Cochran Keating\* Robert V. Elias Division of Legal Services Florida Public Service Commission 2540 Shumard Oak Blvd., Room 370 Tallahassee, FL 32399-0850

J. Roger Howe\* Office of Public Counsel 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400

John McWhirter, Jr.\*\*
Florida Industrial Power Users Group
McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, P.A.
400 North Tampa Street, Suite 2450
Tampa, FL 33601-3350

Joseph McGlothlin\* McWhirter, Reeves, McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, P.A. 117 South Gadsden Street Tallahassee, FL 32301

Jon C. Moyle, Jr.\* Cathy M. Sellers Moyle, Flanigan, Katz, Raymond & Sheehan, P.A. 118 North Gadsden Street Tallahassee, FL 32301 Diane K. Kiesling\* Leslie A. Paugh Landers & Parsons, P.A. 310 W. College Avenue Tallahassee, FL 32301

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Thomas A. Cloud\*\* Dynergy Midstream Services, L.P. Gray, Harris & Robinson Post Office Box 3068 Orlando, FL 32802-3068

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James A. McGee\*\* Senior Counsel Florida Power Corporation Post Office Box 14042 St. Petersburg, FL 33733

Harry W. Long, Jr.\*\* Tampa Electric Company Post Office Box 111 Tampa, FL 33601

Mr. Robert C. Williams, P.E.\*\* Director of Engineering Florida Municipal Power Agency 8553 Commodity Circle Orlando, FL 32819-9002 Mark F. Sundback\*\* Kenneth L. Wiseman Andrews & Kurth L.L.P. 1701 Pennsylvania Avenue, N.W. Suite 300 Washington, D.C. 20006

Lee L. Willis\* James D. Beasley Ausley & McMullen Post Office Box 391 (32302) 227 South Calhoun Street (32301) Tallahassee, FL

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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

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WILLIAM R. ASHBURN

DOCUMENT NO. 1

DEVELOPMENT OF START-UP COST

#### **REVENUE REQUIREMENT**

#### NET COST RESPONSIBILITY

ON GRIDFLORIDA USER - TOTAL RETAIL

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

ine			Revenue Re	quirement De	eveloped Hor Year	Illustrative P	urposes:
1	-		1	2	3	4	5
2	<b>Revenue Requirement Summary (0</b>	00)					
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		<b>V V</b>	• • • • • • • • •			40,000	•.,
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	
19							
20	Total Rate Base	(L15 - L18)	108,032	84,025	60,018	36,011	12,004
21							
22	Rate of Return Equals						
23	Illustrative overall weighted cost assu	imptions:			Ratio	Costs	ROR
					450/	70/	2 1 5 0
24	Long Term Debt				45%	7%	3.107
	Long Term Debt Preferred Stock				45%	0%	
24 25 26	-						0.009
25 26	Preferred Stock				0%	0%	0.009 6.609
25 26 27	Preferred Stock				0%	0%	0.009 6.609
25 26 27 28	Preferred Stock Common Stock				0%	0%	0.00° 6.60°
25 26 27 28 29	Preferred Stock Common Stock Income Tax Equals (000)	axes determined	by the following	formula:	0%	0%	0.00° 6.60°
	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T				0% 55%	0% 12% =	0.00% 6.60%
25 26 27 28 29 30	Preferred Stock Common Stock Income Tax Equals (000)				0% 55%	0% 12% =	0.00% 6.60%
25 26 27 28 29 30 31 32	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T				0% 55% × Composite T	0% <sup>12%</sup> =	0.009 6.609 9.759
25 26 27 28 29 30 31	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x (	(Preferred Stock F	ROR + Common	84,025	0% 55%	0% <sup>12%</sup> _ = ax Rate 36,011	0.009 6.609 9.759 12,004
25 26 27 28 29 30 31 32 33 33	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base	(Preferred Stock F (L20) (L25 + L26)	ROR + Common 108,032 6.6%	84,025 6.6%	0% 55% < Composite T 60,018 6.6%	0% <sup>12%</sup> _ = ax Rate 36,011 <u>6.6%</u>	0.009 6.609 9.759 12,004 6.69
25 26 27 28 29 30 31 32 33 33	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR	(Preferred Stock F (L20) (L25 + L26) (L33 x L34)	ROR + Common 108,032	84,025 6.6% 5,546	0% 55% < Composite T 60,018 <u>6.6%</u> 3,961	0% 12% = ax Rate 36,011 6.6% 2,377	0.009 6.609 9.759 12,004 6.69 792
25 26 27 28 29 30 31 32 33 34 35	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate	(Preferred Stock F (L20) (L25 + L26)	ROR + Common 108,032 6.6% 7,130 38.575%	84,025 6.6% 5,546 38.575%	0% 55% < Composite 7 60,018 6.6% 3,961 38.575%	0% <sup>12%</sup> _ = ax Rate 36,011 <u>6.6%</u>	0.009 6.609 9.759 12,004 6.69 792 38.5759
25 26 27 28 30 31 32 33 34 35 36 37	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45	ROR + Common 108,032 <u>6.6%</u> 7,130 38.575% 11,608	84,025 6.6% 5,546 38.575% 9,028	0% 55% < Composite T 60,018 6.6% 3,961 38.575% 6,449	0% 12%	0.009 6.609 9.759 12,004 6.69 792 38.5759 1,290
25 26 27 28 29 30 31 32 33 34 35 36 37 38	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36)	ROR + Common 108,032 6.6% 7,130 38.575%	84,025 6.6% 5,546 38.575%	0% 55% < Composite 7 60,018 6.6% 3,961 38.575%	0% 12% ax Rate 36,011 <u>6,6%</u> 2,377 38.575%	0.009 6.609 9.759 12,004 6.69 792 38.5759 1,290
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	ROR + Common 108,032 <u>6.6%</u> 7,130 38.575% 11,608	84,025 6.6% 5,546 38.575% 9,028	0% 55% < Composite T 60,018 6.6% 3,961 38.575% 6,449	0% 12%	0.009 6.609 9.759 12,004 6.69 792 38.5759 1,290
25 26 27 28 29 30 31 32 33 34 35 36 37 38	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) Assumptions:	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	ROR + Common 108,032 <u>6.6%</u> 7,130 38.575% 11,608	84,025 6.6% 5,546 38.575% 9,028	0% 55% < Composite T 60,018 6.6% 3,961 38.575% 6,449	0% 12%	0.009 6.609 9.759 12,004 6.69 792 38.5759 1,290
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) Assumptions: Start-up Costs based on Table 1, With	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35 ness Holcombe	ROR + Common 108,032 <u>6.6%</u> <u>7,130</u> 38.575% 11,608 4,478 \$120,035	84,025 6.6% 5,546 38.575% 9,028	0% 55% < Composite T 60,018 6.6% 3,961 38.575% 6,449	0% 12%	0.009 6.609 9.759 12,004 6.69 792 38.5759 1,290
25 26 27 28 29 30 31 32 33 34 35 36 37 38 9 40 41	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) Assumptions: Start-up Costs based on Table 1, Wit Exhibit (BLH 3)	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35 ness Holcombe	ROR + Common 108,032 <u>6.6%</u> <u>7,130</u> 38.575% 11,608 4,478 \$120,035 5 y	84,025 6.6% 5,546 38.575% 9,028 3,483 ears	0% 55% < Composite T 60,018 6.6% 3,961 38.575% 6,449	0% 12%	0.009 6.609 9.759 12,004 6.69 792 38.5759 1,290
25 26 27 28 29 30 31 32 33 34 35 36 37 38 9 40 41 42	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) Assumptions: Start-up Costs based on Table 1, Wit Exhibit (BLH 3) Recovery period (subject to FERC ap	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35 ness Holcombe	ROR + Common 108,032 <u>6.6%</u> <u>7,130</u> 38.575% 11,608 4,478 \$120,035 5 y	84,025 6.6% 5,546 38.575% 9,028 3,483	0% 55% < Composite T 60,018 6.6% 3,961 38.575% 6,449	0% 12%	3.15% 0.00% 6.60% 9.75% 12,004 6.6% 792 38.575% 1,290 498

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

.ine			Revenue Re	quirement De	eveloped For Year	Illustrative P	urposes:
1	-		1	2	3	4	5
2	Revenue Requirement Summary (0	00)		-	Ū		U
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		:	<b>4</b> 22,010	420,010			<b><i><i>(</i></i></b> ),0,001
8							
9	Return on Rate Base (000):	(L20 • L27)	\$6,175	\$4,803	\$3,430	\$2,058	<b>\$</b> 686
10	Notali of Mate Buse (1990).	(120 127)	<b>Q</b> 0,110	<b>\$</b> 4,000	<b>40</b> ,400	42,000	4000
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		56,294	42,220	28,147	14,073	
					20,147	14,070	
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	(L15 - L18)	63,330	49,257	35,184	21,110	7,037
21		:					
22	Rate of Return Equals						
23	Illustrative overall weighted cost assu	mptions:			Ratio	Costs	ROR
24	Long Term Debt				45%	7%	3.15%
24							
	Preferred Stock				0%	0%	
25					0% 55%	0% 12%	0.00%
25 26	Preferred Stock						0.00% 6.60%
25 26 27	Preferred Stock						0.00% 6.60%
25 26 27 28	Preferred Stock Common Stock						0.00% 6.60%
25 26 27 28 29	Preferred Stock Common Stock Income Tax Equals (000)	axes determined	by the following	formula:			0.00% 6.60%
25 26 27 28 29 30	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T				55%	12%_ =	0.00% 6.60%
25 26 27 28 29 30 31	Preferred Stock Common Stock Income Tax Equals (000)				55%	12%_ =	0.00% 6.60%
25 26 27 28 29 30 31 32	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x (	Preferred Stock F	ROR + Common	Stock ROR)	55% Composite T	12% _ = ax Rate	0.00% 6.60% 9.75%
25 26 27 28 29 30 31 32 33	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base	Preferred Stock F	63,330	Stock ROR) > 49,257	55% Composite T 35,184	<sup>12%</sup> _ = ax Rate 21,110	0.00% 6.60% 9.75% 7,037
25 26 27 28 29 30 31 32 33 33 34	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR	(L20) (L25 + L26)	OR + Common 63,330 6.6%	Stock ROR) > 49,257 6.6%	55% Composite T 35,184 6.6%	12% _ = ax Rate 21,110 6.6%	0.00% 6.60% 9.75% 7,037 6.6%
25 26 27 28 29 30 31 32 33 34 35	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return	Preferred Stock F (L20) (L25 + L26) (L33 x L34)	COR + Common 63,330 6.6% 4,180	Stock ROR) > 49,257 6.6% 3,251	55% Composite T 35,184 <u>6.6%</u> 2,322	12% _ = ax Rate 21,110 <u>6.6%</u> 1,393	0.00% 6.60% 9.75% 7,037 6.6% 464
25 26 27 28 29 30 31 32 33 34 35 36	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45	COR + Common 63,330 6.6% 4,180 38.575%	Stock ROR) > 49,257 6.6% 3,251 38.575%	55% Composite T 35,184 6.6% 2,322 38.575%	12% _ = ax Rate 21,110 6.6% 1,393 38.575%	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575%
25 26 27 28 29 30 31 32 33 34 35 36 37	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36)	COR + Common 63,330 6.6% 4,180 38.575% 6,805	Stock ROR) > 49,257 6.6% 3,251 38.575% 5,293	55% Composite T 35,184 6.6% 2,322 38.575% 3,780	12% _ = ax Rate 21,110 6.6% 1,393 38.575% 2,268	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575% 756
25 26 27 28 29 30 31 32 33 34 35 36 37 38	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45	COR + Common 63,330 6.6% 4,180 38.575%	Stock ROR) > 49,257 6.6% 3,251 38.575%	55% Composite T 35,184 6.6% 2,322 38.575%	12% _ = ax Rate 21,110 6.6% 1,393 38.575%	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575% 756
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000)	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36)	COR + Common 63,330 6.6% 4,180 38.575% 6,805	Stock ROR) > 49,257 6.6% 3,251 38.575% 5,293	55% Composite T 35,184 6.6% 2,322 38.575% 3,780	12% _ = ax Rate 21,110 6.6% 1,393 38.575% 2,268	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575%
25 26 27 28 29 30 31 32 33 34 35 36 37 38	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) Assumptions:	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	COR + Common 63,330 6.6% 4,180 38.575% 6,805	Stock ROR) > 49,257 6.6% 3,251 38.575% 5,293	55% Composite T 35,184 6.6% 2,322 38.575% 3,780	12% _ = ax Rate 21,110 6.6% 1,393 38.575% 2,268	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575% 756
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) <u>Assumptions:</u> Start-up Costs based on Table 1, Wit	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	COR + Common 63,330 6.6% 4,180 38.575% 6,805	Stock ROR) > 49,257 6.6% 3,251 38.575% 5,293	55% Composite T 35,184 6.6% 2,322 38.575% 3,780	12% _ = ax Rate 21,110 6.6% 1,393 38.575% 2,268	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575% 756
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) <u>Assumptions:</u> Start-up Costs based on Table 1, Wit Exhibit (BLH 3)	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	COR + Common 63,330 6.6% 4,180 38.575% 6,805 2,625 \$70,367	Stock ROR) > 49,257 6.6% 3,251 38.575% 5,293 2,042	55% Composite T 35,184 6.6% 2,322 38.575% 3,780	12% _ = ax Rate 21,110 6.6% 1,393 38.575% 2,268	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575% 756
25 26 27 28 29 30 31 23 33 34 35 36 37 38 39 40 41 42	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) <u>Assumptions:</u> Start-up Costs based on Table 1, Wit Exhibit (BLH 3) Recovery period (subject to FERC ap	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	COR + Common 63,330 6.6% 4,180 38.575% 6,805 2,625 \$70,367 5 y	Stock ROR) > 49,257 6.6% 3,251 38.575% 5,293 2,042 ears	55% Composite T 35,184 6.6% 2,322 38.575% 3,780	12% _ = ax Rate 21,110 6.6% 1,393 38.575% 2,268	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575% 756
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41	Preferred Stock Common Stock Income Tax Equals (000) The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) <u>Assumptions:</u> Start-up Costs based on Table 1, Wit Exhibit (BLH 3)	Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	COR + Common 63,330 6.6% 4,180 38.575% 6,805 2,625 \$70,367 5 y	Stock ROR) > 49,257 6.6% 3,251 38.575% 5,293 2,042	55% Composite T 35,184 6.6% 2,322 38.575% 3,780	12% _ = ax Rate 21,110 6.6% 1,393 38.575% 2,268	0.00% 6.60% 9.75% 7,037 6.6% 464 38.575% 756

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

ine			Revenue Re	quirement D	eveloped For Year	Illustrative F	Purposes:
1	-		1	2	3	4	5
2	Revenue Requirement Summary (0	00)		-	U	·	Ū
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	<b>⊺otal Revenue Requirement</b>		\$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		(,	¢_,07.0	+_,+	• 1,007		
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	
			20,200	10,000	10,100	0,002	
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	(
19							
20	Total Rate Base	(L15 - L18)	29,482	22,931	16,379	9,827	3,276
21		-					
22	Rate of Return Equals						
23	Illustrative overall weighted cost assu	imptions:			Ratio	Costs	ROR
24	Long Term Debt	•			45%	7%	3.15%
25	Preferred Stock				0%	0%	0.00%
					0% 55%		
25	Preferred Stock Common Stock					0% 12% _	6.60%
25 26 27							6.60%
25 26 27 28	Common Stock						6.60%
25 26 27 28 29	Common Stock Income Tax (000)	Taxes determined	by the following	formula:			6.60%
25 26 27 28 29 30	Common Stock <u>Income Tax (000)</u> The total Federal and State Income T				55%	12% _ =	6.60%
25 26 27 28 29 30 31	Common Stock Income Tax (000)				55%	12% _ =	6.60%
25 26 27 28 29 30 31 32	Common Stock <u>Income Tax (000)</u> The total Federal and State Income T Income Taxes = Total Rate Base x (	Preferred Stock F	ROR + Common	Stock ROR)	55% Composite T	12% _ = ax Rate	6.60% 9.75%
25 26 27 28 29 30 31 32 33	Common Stock <u>Income Tax (000)</u> The total Federal and State Income T Income Taxes = Total Rate Base x ( Total Rate Base	(Preferred Stock F	29,482	Stock ROR)> 22,931	55% Composite T 16,379	12% _ = ax Rate 9,827	6.60% 9.75% 3,276
25 26 27 28 29 30 31 32 33 33	Common Stock <u>income Tax (000)</u> The total Federal and State income T Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR	(Preferred Stock F (L20) (L25 + L26)	29,482 6.6%	Stock ROR)> 22,931 6.6%	55% Composite T 16,379 6.6%	12% _ = ax Rate 9,827 <u>6.6%</u>	6.60% 9.75% 3,276 6.6%
25 26 27 28 29 30 31 32 33 34 35	Common Stock <u>income Tax (000)</u> The total Federal and State income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax retum	(Preferred Stock F (L20) (L25 + L26) (L33 x L34)	29,482 6.6% 1,946	Stock ROR)> 22,931 6.6% 1,513	55% Composite T 16,379 <u>6.6%</u> 1,081	12% _ = ax Rate 9,827 <u>6.6%</u> 649	0.00% 6.60% 9.75% 3,276 6.6% 216 38,575%
25 26 27 28 29 30 31 32 33 34 35 36	Common Stock <u>income Tax (000)</u> The total Federal and State income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45	OR + Common 29,482 6.6% 1,946 38.575%	Stock ROR)> 22,931 6.6% 1,513 38.575%	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575%	12% _ = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575%	6.60% 9.75% 3,276 6.6% 216 38.575%
25 26 27 28 29 30 31 32 33 34 35 36 37	Common Stock <u>income Tax (000)</u> The total Federal and State income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate Pre-tax retum	(L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36)	OR + Common 29,482 <u>6.6%</u> <u>1,946</u> 38.575% 3,168	Stock ROR) 22,931 6.6% 1,513 38.575% 2,464	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575% 1,760	12% = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575% 1,056	6.60% 9.75% 3,276 6.6% 216 38.575% 352
25 26 27 28 29 30 31 32 33 34 35 36 37 38	Common Stock <u>income Tax (000)</u> The total Federal and State income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45	OR + Common 29,482 6.6% 1,946 38.575%	Stock ROR)> 22,931 6.6% 1,513 38.575%	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575%	12% _ = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575%	6.60% 9.75% 3,276 6.6% 216 38.575% 352
25 26 27 28 29 30 31 32 33 34 35 36 37	Common Stock <u>income Tax (000)</u> The total Federal and State Income Taxes = Total Rate Base x ( Total Rate Base Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate Pre-tax retum Income Tax Equals Assumptions:	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	OR + Common 29,482 <u>6.6%</u> <u>1,946</u> 38.575% 3,168	Stock ROR) 22,931 6.6% 1,513 38.575% 2,464	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575% 1,760	12% = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575% 1,056	6.60% 9.75% 3,276 6.6% 216 38.575% 352
25 26 27 28 29 31 23 33 33 33 33 33 33 33 33 33 33 33 33	Common Stock <u>income Tax (000)</u> The total Federal and State income Taxes = Total Rate Base = Total Rate Base = Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate Pre-tax retum Income Tax Equals <u>Assumptions:</u> Start-up Costs based on Table 1, With	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	XOR + Common 29,482 <u>6.6%</u> <u>1,946</u> 38.575% 3,168 1,222	Stock ROR) 22,931 6.6% 1,513 38.575% 2,464	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575% 1,760	12% = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575% 1,056	6.60% 9.75% 3,276 6.6% 216 38.575% 352
25 26 27 28 29 30 31 23 33 34 35 36 37 38 940 41	Common Stock income Tax (000) The total Federal and State Income Taxes = Total Rate Base = Total Rate Base = Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate Pre-tax retum Income Tax Equals <u>Assumptions:</u> Start-up Costs based on Table 1, With Exhibit (BLH 3)	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	CR + Common 29,482 <u>6.6%</u> <u>1,946</u> 38.575% 3,168 1,222 \$32,758	Stock ROR) 22,931 6.6% 1,513 38.575% 2,464	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575% 1,760	12% = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575% 1,056	6.609 9.759 3,276 6.69 216 38.5759 352
25 26 27 28 29 30 31 23 33 34 35 36 37 38 940 41 42	Common Stock <u>income Tax (000)</u> The total Federal and State income Taxes = Total Rate Base = Total Rate Base = Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate Pre-tax retum Income Tax Equals <u>Assumptions:</u> Start-up Costs based on Table 1, With Exhibit (BLH 3) Recovery period (subject to FERC applications)	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	CR + Common 29,482 <u>6.6%</u> <u>1,946</u> 38.575% 3,168 1,222 \$32,758 5 ye	Stock ROR)> 22,931 <u>6.6%</u> 1,513 38.575% 2,464 950	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575% 1,760	12% = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575% 1,056	6.60% 9.75% 3,276 6.6% 216 38.575% 352
25 26 27 28 29 30 31 23 33 34 35 36 37 38 940 41	Common Stock income Tax (000) The total Federal and State Income Taxes = Total Rate Base = Total Rate Base = Pref Stk ROR + Common Stk ROR After-tax retum Composite Tax Rate Pre-tax retum Income Tax Equals <u>Assumptions:</u> Start-up Costs based on Table 1, With Exhibit (BLH 3)	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	CR + Common 29,482 <u>6.6%</u> <u>1,946</u> 38.575% 3,168 1,222 \$32,758 5 ye	Stock ROR)> 22,931 6.6% 1,513 38.575% 2,464 950 ears	55% Composite T 16,379 <u>6.6%</u> 1,081 38.575% 1,760	12% = ax Rate 9,827 <u>6.6%</u> <u>649</u> 38.575% 1,056	6.60% 9.75% 3,276 6.6%

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

.ine			Revenue Rei	quirement De	eveloped ⊢or Year	'lllustrative P	urposes:
1	-		1	2	3	4	5
2	Revenue Requirement Summary (C	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	-
4 <del>-</del>							
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	
19							
20	Total Rate Base	(L15 - L18)	15,219	11,837	8,455	5,073	1,691
21							
22	Rate of Return Equals						
23	Illustrative overall weighted cost assu	Imptions:			Ratio	Costs	ROR
24	Long Term Debt				45%	7%	3.15%
	-						
25	Preferred Stock				0%	0%	
25 26	Preferred Stock Common Stock						0.00% 6.60%
25 26 27					0%	0%	0.00% 6.60%
25 26 27 28					0%	0%	0.00% 6.60%
25 26 27	Common Stock Income Tax Equals (000)				0%	0%	0.009 6.609
25 26 27 28	Common Stock	Faxes determined	by the following	formula:	0%	0%	0.00% 6.60%
25 26 27 28 29 30 31	Common Stock Income Tax Equals (000)				0% 55%	0% 12% =	0.00% 6.60%
25 26 27 28 29 30	Common Stock <u>Income Tax Equals (000)</u> The total Federal and State Income T				0% 55%	0% 12% =	0.00% 6.60%
25 26 27 28 29 30 31	Common Stock <u>Income Tax Equals (000)</u> The total Federal and State Income T				0% 55%	0% 12% =	0.009 6.609 9.759
25 26 27 28 29 30 31 32	Common Stock <u>Income Tax Equals (000)</u> The total Federal and State Income T Income Taxes = Total Rate Base x in	(Preferred Stock F	ROR + Common	Stock ROR) >	0% 55% « Composite T	0% 12% = ax Rate	0.009 6.609 9.759 1,691
25 26 27 28 29 30 31 32 33	Common Stock <u>Income Tax Equals (000)</u> The total Federal and State Income Taxes = Total Rate Base x of Total Rate Base	(Preferred Stock F (L20)	OR + Common 15,219	Stock ROR) > 11,837	0% 55% Composite T 8,455	0% 12% = ax Rate 5,073	0.009 6.609 9.759 1,691 6.69
25 26 27 28 29 30 31 32 33 33	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base x of Total Rate Base Pref Stk ROR + Common Stk ROR	(Preferred Stock F (L20) (L25 + L26)	ROR + Common 15,219 6.6%	Stock ROR) > 11,837 6.6%	0% 55% c Composite T 8,455 6.6%	0% 12% = ax Rate 5,073 6.6%	0.009 6.609 9.759 1,691 6.69
25 26 27 28 29 30 31 32 33 33 34 35	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base x of Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return	(Preferred Stock F (L20) (L25 + L26) (L33 x L34)	ROR + Common 15,219 6.6% 1,004 38.575%	Stock ROR) > 11,837 6.6% 781 38.575%	0% 55% c Composite T 8,455 6.6% 558	0% 12% ax Rate 5,073 <u>6.6%</u> 335	0.009 6.609 9.759 1,69 6.69 112 38.5759
25 26 27 28 29 30 31 32 33 34 35 36 37	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45	ROR + Common 15,219 <u>6.6%</u> 1,004	Stock ROR) > 11,837 6.6% 781	0% 55% c Composite T 8,455 6.6% 558 38.575%	0% 12% ax Rate 5,073 6.6% 335 38.575%	0.009 6.609 9.759 1,697 6.69 112 38.5759 182
25 26 27 28 29 30 31 32 33 34 35 36 37 38	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36)	ROR + Common 15,219 <u>6.6%</u> <u>1,004</u> 38.575% 1,635	Stock ROR) > 11,837 6.6% 781 38.575% 1,272	0% 55% c Composite T 8,455 6.6% 558 38.575% 908	0% 12% ax Rate 5,073 6.6% 335 38.575% 545	0.009 6.609 9.759 1,697 6.69 112 38.5759 182
25 26 27 28 30 31 32 33 34 35 36	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	ROR + Common 15,219 <u>6.6%</u> <u>1,004</u> 38.575% 1,635	Stock ROR) > 11,837 6.6% 781 38.575% 1,272	0% 55% c Composite T 8,455 6.6% 558 38.575% 908	0% 12% ax Rate 5,073 6.6% 335 38.575% 545	0.00 <sup>6</sup> 6.60 <sup>7</sup> 9.75 <sup>7</sup> 1,69 6.6 <sup>7</sup> 112 38.575 <sup>7</sup> 182
25 26 27 28 29 30 31 32 33 34 35 36 37 38 39	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) Assumptions:	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35	ROR + Common 15,219 <u>6.6%</u> <u>1,004</u> 38.575% 1,635	Stock ROR) > 11,837 6.6% 781 38.575% 1,272	0% 55% c Composite T 8,455 6.6% 558 38.575% 908	0% 12% ax Rate 5,073 6.6% 335 38.575% 545	0.00 <sup>6</sup> 6.60 <sup>7</sup> 9.75 <sup>7</sup> 1,69 6.6 <sup>7</sup> 112 38.575 <sup>7</sup> 182
25 226 27 28 29 30 31 32 33 34 35 36 37 38 39 40	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) <u>Assumptions:</u> Start-up Costs based on Table 1, Wit	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35 tness Holcombe	ROR + Common 15,219 6.6% 1,004 38.575% 1,635 631 \$16,910	Stock ROR) > 11,837 6.6% 781 38.575% 1,272	0% 55% c Composite T 8,455 6.6% 558 38.575% 908	0% 12% ax Rate 5,073 6.6% 335 38.575% 545	0.009 6.609 9.759 1,697 6.69 112 38.5759 182
25 26 27 28 29 30 31 32 33 34 35 36 37 38 940 41	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) Assumptions: Start-up Costs based on Table 1, Wit Exhibit (BLH 3)	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35 tness Holcombe	ROR + Common 15,219 6.6% 1,004 38.575% 1,635 631 \$16,910 5 ye	Stock ROR) > 11,837 6.6% 781 38.575% 1,272 491	0% 55% c Composite T 8,455 6.6% 558 38.575% 908	0% 12% ax Rate 5,073 6.6% 335 38.575% 545	0.009 6.609 9.759 1,691 6.69 112 38.5759 182
25 26 27 28 29 30 31 23 33 33 33 33 33 33 33 33 33 40 41 42	Common Stock Income Tax Equals (000) The total Federal and State Income Taxes = Total Rate Base Pref Stk ROR + Common Stk ROR After-tax return Composite Tax Rate Pre-tax return Income Tax Equals (000) <u>Assumptions:</u> Start-up Costs based on Table 1, Wit Exhibit (BLH 3) Recovery period (subject to FERC application)	(Preferred Stock F (L20) (L25 + L26) (L33 x L34) L44+(1-L44)xL45 L35 / (1 - L36) L37 - L35 tness Holcombe	ROR + Common 15,219 6.6% 1,004 38.575% 1,635 631 \$16,910 5 ye	Stock ROR) > 11,837 6.6% 781 38.575% 1,272 491 ears	0% 55% c Composite T 8,455 6.6% 558 38.575% 908	0% 12% ax Rate 5,073 6.6% 335 38.575% 545	1,691 6.609 9.759 1,691 6.69 112 38.5759 182 70

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