

# 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

October 3, 2008

HAND DELIVERED

RECEIVED-FPSC  
08 OCT -3 PM 1:56  
COMMISSION  
CLERK

Ms. Ann Cole, Director  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Petition for Rate Increase by Tampa Electric Company  
FPSC Docket No. 080317-EI

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and twenty (20) copies of each of the following revised documents corrected as noted after each document listed:

1. Minimum Filing Requirement ("MFR") Schedules D-2 (redacted) and D-9 (to reflect formula correction. A single confidential version of revised Schedule D-2 is being filed under a separate cover letter).
2. Witness Mark J. Hornick's Exhibit, Document 5 (to correct graph).
3. Witness Gordon L. Gillette's Exhibit, Document 5 (to correct mathematical error).
4. Susan D. Abbott's Exhibit, Document 5 (to correct mathematical error).
5. Jeffrey S. Chronister's Testimony (to correct some of the verbiage on pages 37-40).

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

COM 5  
ECR 1  
GCL 3  
OPC 1  
RCP 1  
SSC 1  
SGA 2  
ADM 1  
CLK 1

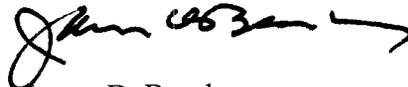
DOCUMENT NUMBER-DATE

09371 OCT -3 08

FPSC-COMMISSION CLERK

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp  
Enclosures

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

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

For the subject Florida utility, all other regulated utility operations combined, all non-regulated operations combined, the parent company, and on a consolidated basis, provide the year-end capital structure for investor capital (i.e. common equity, preferred stock, long-term debt, and short-term debt) for the five years through the end of the projected test year.

Type of data shown:

XX Projected Test Year Ended 12/31/2009  
 XX Projected Prior Year Ended 12/31/2008  
 XX Historical Prior Year Ended 12/31/2007

COMPANY: TAMPA ELECTRIC COMPANY

DOCKET No. 080317-EI

(Dollars in 000's)

Witness: G.L. Gillette / J. S. Chronister

Line No.	Class of Capital	(1) 2005		(2) 2006		(3) 2007		(4) 2008		(5) 2009	
		Amount (000)	Percent of Total	Amount (000)	Percent of Total	Amount (000)	Percent of Total	Amount (000)	Percent of Total	Amount (000)	Percent of Total
<b>1 Florida Utility (Tampa Electric Company)</b>											
2	Common Equity	\$ 1,397,065	47.79%	\$ 1,444,641	47.46%	\$ 1,532,687	48.01%	\$ 1,884,283	52.34%	\$ 2,156,923	54.48%
3	Preferred Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
4	Long-Term Debt	1,346,237	46.05%	1,595,106	52.40%	1,659,459	51.98%	1,664,850	46.25%	1,790,241	45.22%
5	Short-Term Debt	180,100	6.16%	4,280	0.14%	370	0.01%	50,809	1.41%	11,828	0.30%
6		<u>2,923,402</u>	<u>100.00%</u>	<u>3,044,027</u>	<u>100.00%</u>	<u>3,192,516</u>	<u>100.00%</u>	<u>3,599,942</u>	<u>100.00%</u>	<u>3,958,992</u>	<u>100.00%</u>
<b>8 Other Regulated Utility Operations (Peoples Gas System)</b>											
9	Common Equity	\$ 268,482	56.93%	\$ 268,895	56.61%	\$ 268,286	55.44%	\$ 265,897	52.99%	\$ 288,571	54.76%
10	Preferred Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
11	Long-Term Debt	168,200	35.67%	162,390	34.19%	191,040	39.47%	235,431	46.92%	230,021	43.65%
12	Short-Term Debt	34,900	7.40%	43,720	9.20%	24,630	5.09%	479	0.10%	8,400	1.59%
13		<u>471,582</u>	<u>100.00%</u>	<u>475,005</u>	<u>100.00%</u>	<u>483,956</u>	<u>100.00%</u>	<u>501,807</u>	<u>100.00%</u>	<u>526,992</u>	<u>100.00%</u>
<b>15 Non-Regulated Operations Combined (All other Subsidiaries)</b>											
16	Common Equity	\$ 847,458	87.27%	\$ 651,919	84.20%	\$ 819,265	47.35%				
17	Preferred Stock	-	0.00%	-	0.00%	-	0.00%				
18	Long-Term Debt	123,600	12.73%	122,321	15.80%	910,913	52.65%				
19	Short-Term Debt	-	0.00%	-	0.00%	-	0.00%				
20		<u>971,058</u>	<u>100.00%</u>	<u>774,240</u>	<u>100.00%</u>	<u>1,730,178</u>	<u>100.00%</u>				
<b>22 Parent Company (TECO Energy, Inc.)</b>											
23	Common Equity	\$ 1,591,231	43.36%	\$ 1,751,483	47.04%	\$ 2,032,591	83.42%				
24	Preferred Stock	-	0.00%	-	0.00%	-	0.00%				
25	Long-Term Debt	2,078,345	56.64%	1,972,216	52.96%	404,090	16.58%				
26	Short-Term Debt	-	0.00%	-	0.00%	-	0.00%				
27		<u>3,669,576</u>	<u>100.00%</u>	<u>3,723,699</u>	<u>100.00%</u>	<u>2,436,681</u>	<u>100.00%</u>				
<b>29 Eliminations</b>											
30	Common Equity	\$ (2,512,513)	100.00%	\$ (2,387,911)	100.00%	\$ (2,635,784)	100.00%				
31	Preferred Stock	-	0.00%	-	0.00%	-	0.00%				
32	Long-Term Debt	-	0.00%	-	0.00%	-	0.00%				
33	Short-Term Debt	-	0.00%	-	0.00%	-	0.00%				
34		<u>(2,512,513)</u>	<u>100.00%</u>	<u>(2,387,911)</u>	<u>100.00%</u>	<u>(2,635,784)</u>	<u>100.00%</u>				

38 Note: Reflects per books unadjusted capital structure components

39 Totals may be affected due to rounding

Supporting Schedules:

Recap Schedules:

7

REVISED: OCTOBER 3, 2008

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For the subject Florida utility, all other regulated utility operations combined, all non-regulated operations combined, the parent company, and on a consolidated basis, provide the year-end capital structure for investor capital (i.e. common equity, preferred stock, long-term debt, and short-term debt) for the five years through the end of the projected test year.

Type of data shown:  
 XX Projected Test Year Ended 12/31/2009  
 XX Projected Prior Year Ended 12/31/2008  
 XX Historical Prior Year Ended 12/31/2007  
 Witness: G.L. Gillette / J. S. Chronister

COMPANY: TAMPA ELECTRIC COMPANY

DOCKET No. 080317-EI

(Dollars in 000's)

Line No.	Class of Capital	(1) 2005		(2) 2006		(3) 2007		(4) 2008		(5) 2009	
		Amount (000)	Percent of Total	Amount (000)	Percent of Total	Amount (000)	Percent of Total	Amount (000)	Percent of Total	Amount (000)	Percent of Total
1	Consolidated Basis (TECO Energy, Inc. Consolidated)										
2	Common Equity	\$ 1,591,723	28.82%	\$ 1,729,027	30.72%	\$ 2,017,045	38.73%				
3	Preferred Stock	-	0.00%	-	0.00%	-	0.00%				
4	Long-Term Debt	3,716,382	67.29%	3,852,033	68.43%	3,165,502	60.79%				
5	Short-Term Debt	215,000	3.89%	48,000	0.85%	25,000	0.48%				
6		<u>5,523,105</u>	<u>100.00%</u>	<u>5,629,060</u>	<u>100.00%</u>	<u>5,207,547</u>	<u>100.00%</u>				
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30											
31											
32											
33											
34											
35											
36											
37											
38	Note: Reflects per books unadjusted capital structure components										
39	Totals may be affected due to rounding										

8

REVISED: OCTOBER 3, 2008

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide financial indicators for the test year under current and proposed rates, the prior year, and historical base year.

Type of data shown:

COMPANY: TAMPA ELECTRIC COMPANY

XX Projected Test Year Ended 12/31/2009

XX Projected Prior Year Ended 12/31/2008

XX Historical Prior Year Ended 12/31/2007

DOCKET No. 080317-EI

(Dollars in 000's)

Witness: G. L. Gillette/J. S. Chronister

Line No.	Indicator	Historical 2007	Prior 2008	Current Rates 2009 <sup>2</sup>	Proposed 2009 <sup>3</sup>
1					
2					
3					
4	Interest Coverage Ratios:				
5	Including AFUDC in Income Before Interest Charges	2.94	2.93	2.26	4.00
6	Excluding AFUDC in Income Before Interest Charges	2.89	2.85	2.12	3.87
7	AFUDC as a percent of Income Available for Common	3.68%	5.84%	12.32%	5.84%
8	Percent of Construction Funds Generated Internally	77.77%	37.47%	45.20%	67.88%
9					
10	Earnings Before Interest and Taxes Including AFUDC	<u>\$ 347,965</u>	<u>\$ 362,862</u>	<u>\$ 292,313</u>	<u>\$ 519,486</u>
11					
12	Earnings Before Interest and Taxes Excluding AFUDC	<u>\$ 341,767</u>	<u>\$ 352,844</u>	<u>\$ 274,869</u>	<u>\$ 502,042</u>
13					
14	Fixed Charges:				
15	Interest <sup>1</sup>	\$ 118,282	\$ 123,725	\$ 129,556	\$ 129,881
16	Lease Payments	5,406	5,822	6,114	6,114
17	Sinking Funds Payments	-	-	-	-
18	Tax on Sinking Fund Payments	-	-	-	-
19	Total Fixed Charges	<u>\$ 123,687</u>	<u>\$ 129,547</u>	<u>\$ 135,670</u>	<u>\$ 135,995</u>
20					
21	Ratio of Earnings to Fixed Charges				
22	Including AFUDC	2.81	2.80	2.15	3.82
23	Excluding AFUDC	2.76	2.72	2.03	3.69
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	<sup>1</sup> Includes impact of off-balance sheet obligations for purchased power agreements				
35	<sup>2</sup> Reflects impact of proforma adjustments				
36	<sup>3</sup> Reflects impact of proforma adjustments and assumes full year impact of requested rate increase of \$228,167,000.				
37					
38					
39	Totals may be affected due to rounding.				

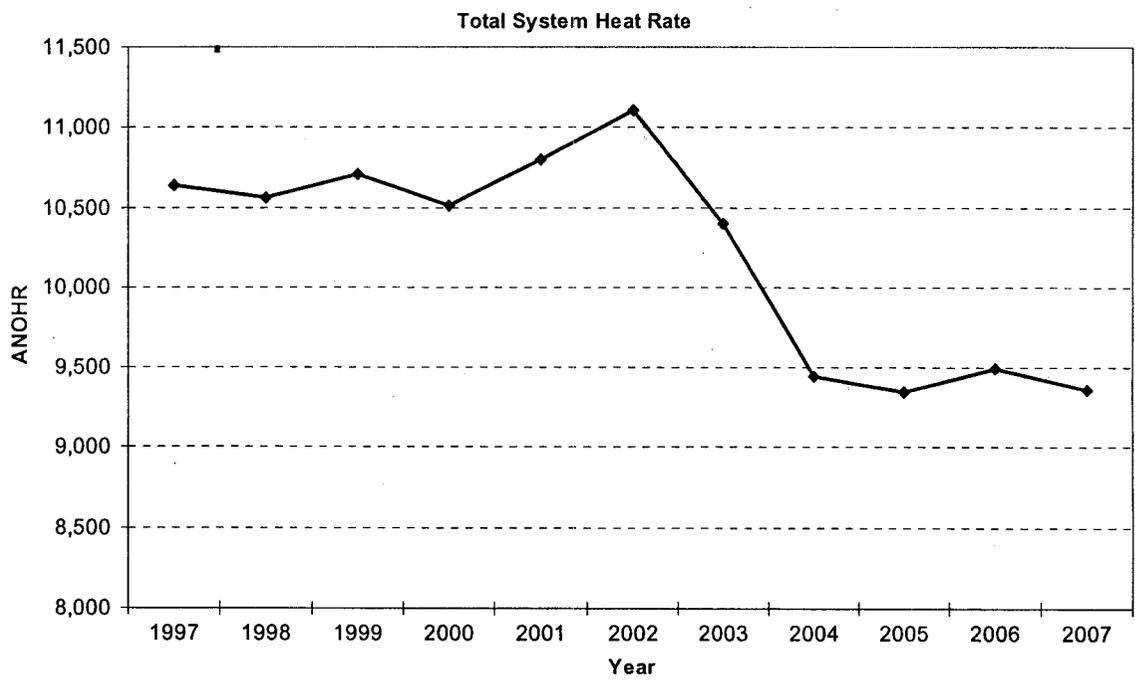
Supporting Schedules:

Recap Schedules:

20

REVISED: OCTOBER 3, 2008

**Total System Heat Rate  
1997 through 2007**



**Tampa Electric's Credit Metrics**  
2004 - 2009 Test Year

	Actual				Proforma Adjusted		
					Test Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	w/o rates @ 2007 Equity Ratio <u>2009</u>	wo/rates 55% as filed <u>2009</u>	w/rates (1) 55% as filed <u>2009</u>
FFO/Debt	26%	23%	19%	18%	14%	17%	25%
FFO/Interest	4.8x	4.3x	3.8x	3.7x	3.4x	3.4x	4.5x
Debt/Capital	51%	51%	54%	54%	54%	45%	45%

1) Reflects full year of requested revenue increase of \$228,167,000.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080317-EI  
EXHIBIT NO. \_\_\_\_\_ (GLG-1)  
WITNESS: GILLETTE  
DOCUMENT NO. 5  
PAGE 1 OF 1  
FILED: 08/11/2008  
REVISED: 10/03/2008

**Tampa Electric's Credit Metrics  
versus  
S&P's Metrics Matrix  
2004 - 2009 Test Year**

	S&P Ratings Level (Business Risk "Excellent")						Proforma Adjusted	
	Financial Risk						Actual	
	aggressive	intermediate	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	wo/rates	w/rates (1)
	<u>BBB</u>	<u>A</u>					<u>2009</u>	<u>2009</u>
FFO/Debt	10%-30%	25%-45%	26%	23%	19%	18%	17%	25%
FFO/Interest	2.0x-3.5x	3.0x-4.5x	4.8x	4.3x	3.8x	3.7x	3.4x	4.5x
Debt/Capital	45%-60%	35%-50%	51%	51%	54%	54%	45%	45%

1) Reflects full year of requested revenue increase of \$228,167,000.

DOCKET NO. 080317-EI  
EXHIBIT NO. \_\_\_\_\_ (SDA-1)  
WITNESS: ABBOTT  
DOCUMENT NO. 5  
PAGE 1 OF 1  
FILED: 08/11/2008  
REVISED: 10/03/2008

1 revenue requirement requested to reflect the significant  
 2 investment and operating costs associated with these  
 3 assets. The pro forma adjustment includes an impact on  
 4 operating expenses as well as an impact on net plant-in-  
 5 service to bring the company's total cost profile to an  
 6 amount that reflects a full year of operation for these  
 7 units. The jurisdictional net operating income  
 8 adjustments are decreases of \$2,352,000 for the May  
 9 units and \$4,864,000 for the September units. The  
 10 jurisdictional rate base adjustments are increases of  
 11 \$36,125,000 for the May units and \$94,562,000 for the  
 12 September units.

13  
 14 **Q.** Please describe the nature and rationale for the pro  
 15 forma adjustment related to annualization of rail  
 16 facilities to be placed in service in 2009.

17  
 18 **A.** As described in the direct testimony of witness Hornick,  
 19 Tampa Electric, in 2007, issued a request for proposal  
 20 for solid fuel transportation because its existing  
 21 contract will expire on December 31, 2008. Based upon  
 22 final contract negotiations, the company has contracted  
 23 for bimodal transportation: water and rail. Since there  
 24 are no operable rail facilities at Big Bend Power  
 25 Station, they must be constructed in 2008 and 2009 for

1 deliveries to begin by January 1, 2010. The pro forma  
2 adjustment includes an impact on operating expenses as  
3 well as an impact on net plant-in-service to bring the  
4 company's total cost profile to an amount that reflects  
5 a full year of operation for these units. The  
6 jurisdictional net operating income adjustment is a  
7 decrease of \$1,195,000. The jurisdictional rate base  
8 adjustment is an increase of \$44,754,000.

9  
10 **Q.** Please describe the nature and rationale for the pro  
11 forma adjustment related to amortization of the channel  
12 dredging expense.

13  
14 **A.** As described in the direct testimony of Tampa Electric  
15 witness Hornick, the company included in its 2009 budget  
16 an expense of \$6.9 million to dredge the Big Bend Power  
17 Station channel, an event that occurs every five years.  
18 The dredging is necessary to provide appropriate passage  
19 for vessels to deliver solid fuel for use at the  
20 company's generating facilities. Since this expense is  
21 only incurred every five years, it is appropriate for  
22 the revenue requirement requested to reflect an  
23 adjustment to operating and investment costs to amortize  
24 the impact of this expenditure over five years. The  
25 jurisdictional net operating income adjustment is

1 an increase of \$3,267,000. The jurisdictional rate base  
2 adjustment is an increase of \$2,657,000.

3

4 **Q.** Please describe the nature and rationale for the pro  
5 forma adjustment related to the increase in annual storm  
6 reserve accrual.

7

8 **A.** Based upon the storm study results and direct testimony  
9 of Tampa Electric witnesses Steven P. Harris and Edsel  
10 L. Carlson, Jr., it is appropriate to adjust the  
11 company's annual accrual from \$4 million to \$20 million.  
12 Accordingly, \$16 million of expense was added to the O&M  
13 expense for calculating the 2009 revenue requirement.  
14 The jurisdictional net operating income adjustment is a  
15 decrease of \$9,828,000. The jurisdictional rate base  
16 adjustment for working capital is a reduction of  
17 \$8,000,000.

18

19 **Q.** Please describe the nature and rationale for the pro  
20 forma adjustment related to amortization of rate case  
21 expenses.

22

23 **A.** The company did not include rate case expense in its  
24 2008 and 2009 budget, so an adjustment is necessary to  
25 include the estimated expense in the test year. The

1 incremental expense associated with this rate case will  
2 be incurred in 2008 and 2009 but deferred to better  
3 match a longer period of time that new rates will be in  
4 effect. The company estimates rate case expense to be  
5 \$3,153,000 and is proposing to amortize the expense over  
6 a three-year period beginning in 2009. The  
7 jurisdictional net operating income adjustment is a  
8 decrease of \$645,000. The jurisdictional rate base  
9 adjustment for working capital to reflect the  
10 unamortized balance is an increase of \$2,628,000.

11  
12 **Q.** Please describe the nature and rationale for the pro  
13 forma adjustment related to amortization of CIS costs  
14 associated with required rate case modifications.

15  
16 **A.** The company did not include capital expenditures in its  
17 2008 or 2009 budgets associated with the numerous and  
18 necessary modifications to update CIS. The incremental  
19 expenditures are projected to be \$2,792,000. It is  
20 appropriate to depreciate these expenditures over a  
21 five-year period. The jurisdictional net operating  
22 income adjustment is a decrease of \$342,000. The  
23 jurisdictional rate base adjustment is an increase of  
24 \$2,445,000.

25