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October 31, 2008

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## HAND DELIVERED

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

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

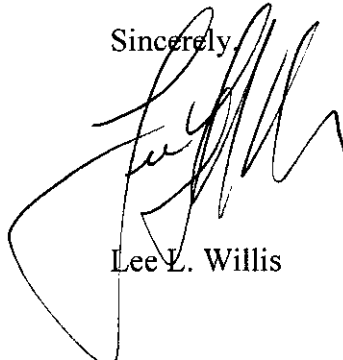
Dear Ms. Cole:

Enclosed are the original and fifteen (15) copies of Tampa Electric Company's Service Hearings Late-Filed Exhibit 10 "Inverted Rate Analysis" in the above-referenced docket.

Please acknowledge receipt and filing of this document 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,



Lee L. Willis

COM \_\_\_\_\_  
ECR 1 LLW/bjd  
GCL 2 \_\_\_\_\_  
OPC \_\_\_\_\_  
RCP 1 \_\_\_\_\_  
SSC 1 \_\_\_\_\_  
SGA 2 \_\_\_\_\_  
ADM \_\_\_\_\_  
CLK \_\_\_\_\_

All Parties of Record (w/encls.)

DOCUMENT NUMBER-DATE  
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FPSC-COMMISSION CLERK

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Service Hearings Exhibit 10 "Inverted Rate Analysis", filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (\*) on this 31<sup>st</sup> day of October 2008 to the following:

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Florida Public Service Commission  
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ATTORNEY

DOCUMENT NUMBER-DATE

10312 OCT 31 8

**INVERTED RATE ANALYSIS**  
**Percentage of Customers by Usage Level**  
**Average Use by KWH by Person**

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**Request**

The request was initiated from discussions at the Winter Haven Service Hearing on October 22, 2008 regarding Tampa Electric's proposed residential inclining block rate or inverted rate. Specifically, the company was asked to provide the number and percentage of customers by various usage ranges.

**Background**

In the direct testimony of Tampa Electric witness William R. Ashburn, the company considered numerous objectives in designing its rates. One of its objectives was to provide conservation-oriented price signals. The company is proposing to meet this objective by changing the residential standard service rate schedule from a flat base energy rate to a two-block, inverted base energy rate design, with break point at 1,000 kWh and a \$0.01 per kWh differential between the two blocks. It is proposing to make a similar change to its fuel factor in Docket No. 080001-EI to fully take advantage of this conservation-oriented rate design.

As witness Ashburn describes in his testimony, an inverted base energy rate has become a standard in Florida with the Florida Public Service Commission having approved such rates for Florida Power & Light ("FP&L") and Progress Energy Florida ("PEF") in Order No. PSC-05-0902-S-EI in Docket Nos. 050045-EI and 050188-EI, issued September 14, 2005 and in Order No. PSC-02-0655-AS-EI in Docket No. 000824-EI, issued May 14, 2002, respectively.

Additionally, the Commission approved inverted residential fuel rates at 1,000 kWh for both FP&L and PEF in Order No. PSC-05-1252-FOF-EI in Docket No. 050001-EI, issued December 23, 2005. More recently the Commission approved Florida Public Utilities inverted fuel rate at 1,000 kWh in the fuel docket in Order PSC-08-0030-FOF-EI, issued January 08, 2008. The higher rate at the second block, above 1,000 kWh, provides a price signal to customers about energy use that can serve as a way to encourage energy conservation while the lower first block rate provides a billing benefit to lower use customers.

Tampa Electric's proposed residential inverted rate structure would be applied similarly to that of FP&L and PEF. For the first block of energy usage, 1,000 kWh, customers would pay a base energy charge of \$.05079 per kWh. As usage exceeds 1,000 kWh, customers would pay a higher base energy charge of \$.06079 per kWh for all energy consumed above 1,000 kWh. For example, if a customer uses 1,100 kWh, the first 1,000 kWh is priced at the lower block rate and the 100 kWh is priced at the higher block rate for a total base energy charge of \$56.16. Under a levelized rate per kWh consumed, the total base energy charge would be \$59.72.

**Response**

The attached chart, "Tampa Electric Company - Residential Monthly Number of Bills and Percent of Bills per Monthly Customer kWh Usage", shows the monthly number of bills per kWh usage, and the percent of monthly bills at various usage levels with cumulative totals. Tampa Electric used similar data from 2007 to evaluate the overall impact inverted rates would have on residential customers as it developed its rate design. Based on this usage information, the "breakeven" for customers under a levelized design compared to an inverted rate design is at

approximately 1,500 kWh; that is, customers' rates would be the same under both rate designs (current and proposed). Furthermore, approximately two-thirds of Tampa Electric's customers use less than 1,500 kWh per month and will benefit from the proposed inverted rate.

Tampa Electric has also provided two additional charts showing the proposed monthly bill amounts per customer usage by assuming 1) proposed inverted fuel and energy charges and 2) flat fuel and energy charges. It demonstrates that at 1,500 kWh of monthly usage, the base rate increase is about the same under both rate designs; a 10.1 percent increase for inverted fuel and energy charges and a 10.2 percent increase for flat fuel and energy charges.

**Tampa Electric Company  
Residential Monthly Number of Bills and  
Percent of Bills per Monthly Customer kWh Usage  
12-Months Ending September 2008**

<b>Customer Monthly kWh Usage</b>	<b>Monthly Number of Bills</b>	<b>Cumulative Number of Bills</b>	<b>Percent of Total Monthly Bills</b>	<b>Cumulative Percent of Total Monthly Bills</b>
0	3,478	3,478	0.61%	0.61%
1 - 500	88,846	92,324	15.60%	16.21%
501 - 600	30,981	123,305	5.44%	21.65%
601 - 700	33,518	156,823	5.88%	27.53%
701 - 800	34,691	191,514	6.09%	33.62%
801 - 900	34,649	226,163	6.08%	39.71%
901 - 1,000	33,811	259,974	5.94%	45.64%
1,001 - 1,250	76,997	336,971	13.52%	59.16%
1,251 - 1,500	63,304	400,275	11.11%	70.27%
1,501 - 1,750	48,936	449,211	8.59%	78.86%
1,751 - 2,000	36,005	485,216	6.32%	85.19%
2,001 - 2,250	25,808	511,024	4.53%	89.72%
2,251 - 2,500	18,130	529,154	3.18%	92.90%
2,501 - 2,750	12,572	541,726	2.21%	95.11%
2,751 - 3,000	8,641	550,367	1.52%	96.62%
3,001 - 3,500	9,856	560,223	1.73%	98.35%
3,501 - 4,000	4,574	564,797	0.80%	99.16%
4,001 - 4,500	2,143	566,940	0.38%	99.53%
4,501 - 5,000	1,071	568,011	0.19%	99.72%
Over 5,000	1,588	569,599	0.28%	100.00%
<b>Total</b>	<b>569,599</b>		<b>100.00%</b>	

4

**Tampa Electric Company**  
**Proposed Monthly Bill Amounts**  
**per Monthly Customer kWh Usage**  
*Assuming Inverted Fuel and Energy Charges*

<b>Customer Monthly kWh Usage</b>	<b>Proposed Monthly Bill as of 1/1/09</b>	<b>Proposed Monthly Bill as of 5/7/09</b>	<b>Dollar Increase</b>	<b>Percent of Total Monthly</b>
500	\$68.58	\$74.72	\$6.14	9.0%
750	\$98.51	\$106.70	\$8.19	8.3%
1,000	\$128.44	\$138.68	\$10.24	8.0%
1,100	\$141.44	\$153.52	\$12.08	8.5%
1,200	\$154.44	\$168.36	\$13.92	9.0%
1,300	\$167.43	\$183.20	\$15.77	9.4%
1,400	\$180.43	\$198.05	\$17.62	9.8%
1,500	\$193.43	\$212.89	\$19.46	10.1%
1,800	\$232.42	\$257.41	\$24.99	10.8%
2,000	\$258.42	\$287.10	\$28.68	11.1%
3,000	\$388.40	\$435.52	\$47.12	12.1%
5,000	\$648.36	\$732.36	\$84.00	13.0%

**Tampa Electric Company**  
**Proposed Monthly Bill Amounts**  
**per Monthly Customer kWh Usage**  
*Assuming Flat Fuel and Energy Charges*

<b>Customer Monthly kWh Usage</b>	<b>Proposed Monthly Bill as of 1/1/09</b>	<b>Proposed Monthly Bill as of 5/7/09</b>	<b>Dollar Increase</b>	<b>Percent Increase</b>
500	\$70.37	\$78.31	\$7.94	11.3%
750	\$101.20	\$112.08	\$10.88	10.8%
1,000	\$132.03	\$145.86	\$13.83	10.5%
1,100	\$144.36	\$159.37	\$15.01	10.4%
1,200	\$156.69	\$172.87	\$16.18	10.3%
1,300	\$169.02	\$186.38	\$17.36	10.3%
1,400	\$181.36	\$199.89	\$18.53	10.2%
1,500	\$193.69	\$213.40	\$19.71	10.2%
1,800	\$230.68	\$253.93	\$23.25	10.1%
2,000	\$255.34	\$280.94	\$25.60	10.0%
3,000	\$378.66	\$416.03	\$37.37	9.9%
5,000	\$625.28	\$686.21	\$60.93	9.7%