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February 5, 2009

HAND DELIVERED

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COMMISSION
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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, on behalf of Tampa Electric Company, are fifteen (15) copies each of the following Late Filed Hearing Exhibits:

1. Late Filed Hearing Exhibit No. 107 of Dianne S. Merrill.
2. Late Filed Hearing Exhibit Nos. 109 and 112 of Jeffrey Chronister
3. Late Filed Hearing Exhibit Nos. 115 and 116 of William R. Ashburn
4. Late Filed Hearing Exhibit No. 123 of Gordon L. Gillette and Susan Abbott
5. Late Filed Hearing Exhibit No. 126 of Dr. Donald A. Murry

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

ADM
OCB
TOL 4
CFC
MCP 1
SAC 1
SGA 2
ADM
CLK

JDB/pp
Enclosures

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

DOCUMENT NUMBER-DATE

00933 FEB-5 8

FPSC-COMMISSION CLERK

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

TAMPA ELECTRIC COMPANY
LATE FILED HEARING EXHIBIT
HEARING DATE JANUARY 27, 2009

DIANNE S. MERRILL

DOCKETED FOR HEARING DATE

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Dianne S. Merrill Late Filed Hearing Exhibit

EXHIBIT NO.	TITLE	PAGE
107	Revised Officer Salary and Incentive Plan (2009)	1

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
FPSC HEARING
WITNESS: DIANNE S. MERRILL
LATE FILED HEARING EXHIBIT NO. 107
PAGE 1 OF 3
FILED: 02/05/09

- Q. Provide Tampa Electric's revised response to Staff's First Set of Interrogatories Nos. 1 and 2 for 2009.
- A. Attached is Tampa Electric's revised response to Staff's First Set of Interrogatories Nos. 1 and 2 for 2009.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
FPSC HEARING
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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST SET OF INTERROGATORIES
INTERROGATORY NO. 1
PAGE 5 OF 5
FILED: SEPTEMBER 15, 2008
REVISED: FEBRUARY 5, 2009

	SHERRILL W. HUDSON	JOHN B. RAMIL	GORDON L. GILLETTE	CHARLES A. ATTAL III	PHIL L. BARRINGER JR	SANDRA W. CALLAHAN	CLINTON E. CHILDRESS	CHARLES O. HINSON	DAVID E. SCHWARTZ	JANET L. SENA
Year: 2009 Projected	Chairman of the Board & Chief Executive Officer	President TECO Energy & Chief Operating Officer	Executive VP TECO Energy & Chief Financial Officer	VP General Counsel	VP & Controller Operations	VP Treasury & Risk Management	Senior VP Corporate Services & Chief Human Resource Officer	VP State Governmental Affairs	VP Governance & Compliance, General Counsel & Corporate Secretary	VP Federal Affairs
a. Base Salary ⁽¹⁾	\$826,189	\$534,000	\$455,500	\$287,525	\$222,618	\$228,800	\$313,000	\$169,000	\$215,000	\$195,000
b. Stock Awards	\$1,881,535	\$988,478	\$626,328	\$117,827	\$115,808	\$115,808	\$374,453	\$47,631	\$84,894	\$59,876
c. Option Awards	\$0	\$6,564	\$3,624	\$806	\$603	\$603	\$2,052	\$603	\$1,006	\$806
d. Non Equity Incentive Plan Compensation ⁽²⁾	\$660,951	\$373,800	\$273,300	\$115,010	\$77,916	\$80,080	\$140,850	\$42,250	\$64,500	\$48,750
e. All Other Compensation	\$92,035	\$14,995	\$9,035	\$9,395	\$9,835	\$8,601	\$8,735	\$6,012	\$9,395	\$8,943
f. Total Compensation	\$3,460,710	\$1,917,837	\$1,367,787	\$530,563	\$426,780	\$433,892	\$839,090	\$265,496	\$374,795	\$313,375
g. Amount of Total Compensation Allocated to Tampa Electric Company	\$2,309,831	\$1,279,591	\$899,349	\$353,427	\$283,597	\$289,100	\$560,583	\$66,496	\$249,062	\$103,512
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	\$2,241,803	\$1,241,905	\$872,861	\$343,019	\$275,245	\$280,586	\$544,074	\$64,537	\$241,727	\$100,463

Notes:

1. Base salaries remain the same as 2008 actual (zero percent increase) as approved by the Board of Directors on Feb. 4, 2009.
2. Non-equity incentives remain at the same target percentage as 2008 as approved by the Board of Directors on Feb. 4, 2009.

	CHARLES R BLACK	DEIRDRE A. BROWN	BRUCE CHRISTMAS JR	THOMAS L. HERNANDEZ	KAREN M. MINCEY	WILLIAM T. WHALE
Year: 2009 Projected	President Tampa Electric	VP Customer Service & Regulatory Affairs	VP Fuels Management	VP Energy Supply	VP Information Technology & Chief Information Officer	VP Energy Delivery
a. Base Salary ⁽¹⁾	\$368,460	\$224,000	\$227,000	\$256,000	\$203,500	\$256,000
b. Stock Awards	\$299,287	\$93,155	\$93,155	\$121,844	\$69,850	\$121,844
c. Option Awards	\$2,496	\$806	\$806	\$1,006	\$603	\$1,006
d. Non Equity Incentive Plan Compensation ⁽²⁾	\$202,653	\$78,400	\$79,450	\$89,600	\$61,050	\$89,600
e. All Other Compensation	\$8,311	\$8,307	\$8,513	\$3,669	\$9,080	\$7,535
f. Total Compensation	\$881,207	\$404,668	\$408,924	\$472,119	\$344,083	\$475,985
g. Amount of Total Compensation Allocated to Tampa Electric Company	\$879,231	\$368,332	\$300,762	\$468,762	\$292,787	\$474,785
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	\$685,261	\$324,873	\$181,746	\$380,418	\$284,164	\$448,379

Notes:

1. Base salaries remain the same as 2008 actual (zero percent increase) as approved by the Board of Directors on Feb. 4, 2009.
2. Non-equity incentives remain at the same target percentage as 2008 as approved by the Board of Directors on Feb. 4, 2009.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST SET OF INTERROGATORIES
INTERROGATORY NO. 2
PAGE 5 OF 5
FILED: SEPTEMBER 15, 2008
REVISED: FEBRUARY 5, 2009

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
EPSC HEARING
WITNESS: DIANNE S. MERRILL
LATE FILED HEARING EXHIBIT NO. 107
PAGE 3 OF 3
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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

TAMPA ELECTRIC COMPANY
LATE FILED HEARING EXHIBITS
HEARING DATE JANUARY 28, 2009

JEFFREY CHRONISTER

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

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Jeffrey Chronister Late Filed Hearing Exhibits

EXHIBIT NO.	TITLE	PAGE
109	Actual Expenses of All External Witnesses to Date, By Witness	1
112	Revenue Impact of Removing September Combustion Turbines from 2009 Test Year	2

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
FPSC HEARING
WITNESS: JEFFREY CHRONISTER
LATE FILED HEARING EXHIBIT NO. 109
PAGE 1 OF 1
FILED: 02/05/09

Q. Provide actual expenses of all external witnesses to date by witness.

A. Below is the requested data through December 31, 2008. Although company has not closed its books for January 2009, expenses were incurred in January related to the rate case hearing. As a result of this and additional expenses to be incurred through the date of the Commission's decision, the total rate case expenses are expected to be reasonably close to the amount included in the company's 2009 test year. The attached expenses do not include non-witness consulting and legal services, which total \$1,122,881.18 through December 31, 2008. Total rate case expenses incurred through 2008 are \$2,317,758.71.

Vendor Name	Witness	Fee	Travel Expenses	Other⁽¹⁾	Total
C.H. Guernsey & Company	Dr. D. A. Murry, Ph.D.	\$166,151.25	\$368.39	\$306.52	\$166,826.16
Huron Consulting Services, LLC	Alan Felsenthal	600,840.00	77,094.20	-	677,934.20
New Harbor, Inc.	Susan Abbott	238,000.00	4,062.21	2,509.96	244,572.17
ABSG, Inc.	Steven P. Harris	105,545.00	-	-	105,545.00

(1) The "Other" column above includes costs for items such as research, postage, document shipping, copying, materials, supplies, and telephone charges.

Q. Calculate the revenue requirement impact of removing the September combustion turbines ("CTs") from the 2009 test year

A. In accordance with the hypothetical example of removing the three September CTs, the company's revenue requirement would be reduced by approximately \$27.7 million. This assumes the following rate base and net operating income ("NOI") jurisdictional amounts and the company's overall cost of capital of 8.82 percent:

	<u>\$000's</u>
Annualized Rate Base	
Electric Plant in Service	\$ 140,390
Accumulated Reserve for Depreciation	(3,018)
Annualized NOI	
O&M	987
Property Taxes	3,227
Depreciation	6,051

While there was some discussion during the hearing about the company's reevaluation of the need for the three September CTs, Tampa Electric reached a final decision on February 2 to proceed with their installations. Specifically, Bayside CT's 3 and 4 will be placed in service in mid-August 2009. Big Bend CT 4 will be placed in service in mid-October 2009. The May CTs (Bayside CTs 5 and 6) will be placed in service in mid-April. The other annualized asset, the Big Bend rail facility, remains on schedule and will be placed in service in December 2009.

Tampa Electric continues to support the appropriateness of an annualized adjustment for the four assets (three September CTs and rail facility) with in-service dates that occur subsequent to the implementation of new rates in May. However, it also recognizes the concerns raised by various parties and, as was suggested by company witnesses during the hearing, it could also support a "step increase" in base rates after the assets are placed in service. The step increase could be designed to reflect the revenue requirements for actual in service costs and could be implemented one month after the in service date of the last of the four assets. Based on the current schedules, this "step change" would occur in January 2010.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

TAMPA ELECTRIC COMPANY
LATE FILED HEARING EXHIBITS
HEARING DATE JANUARY 28, 2009

WILLIAM R. ASHBURN

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

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William R. Ashburn Late Filed Hearing Exhibits

EXHIBIT NO.	TITLE	PAGE
115	Residential Bill Impacts Assuming a 1,250 kilowatt-hour Inversion Point	1
116	Revision to Tampa Electric's Response to Staff's Fourteenth Set of Interrogatories No. 230(f)	8

Q. Provide the residential bill impacts based on a 1,250 kilowatt-hour (kWh) inversion point.

A. The attached tables and corresponding graphs provide comparisons of residential bill impacts by usage based on an inverted or tiered rate design vs. a flat rate design for the base energy rate at inversion points of 1,000 kWh as proposed by Tampa Electric and 1,250 kWh as requested. In November 2008, the Commission approved the company's inversion point for residential customers' fuel at 1,000 kWh (Order No. PSC-08-0824-FOF-EI). Tampa Electric's proposed inverted base energy rate with a 1,000 kWh inversion point is designed to be consistent with its inverted fuel rate design. Having the same inversion point for both fuel and base energy rates is essential in sending an understandable conservation-oriented message to customers. The inversion differential is one cent for fuel and one cent for base energy.

Although Tampa Electric's average monthly residential customer usage is 1,262 kWh, it is not necessary to set the inversion point at this usage point to benefit all customers with less than the average usage. In fact, setting the inversion point at 1,000 kWh, as proposed by Tampa Electric, benefits all customers using less than 1,539 kWh, an amount considerably more than the average monthly usage.

The attached tables and corresponding graphs are organized as follows:

- I. Present Rates: Flat vs. Inverted Rate Design
 - Table I-A: Inversion point: 1,000 kWh
 - Table I-B: Inversion point: 1,250 kWh
- II. Proposed Rates: Flat vs. Inverted Rate Design
 - Table II-A: Inversion point: 1,000 kWh
 - Table II-B: Inversion point: 1,250 kWh
- III. Proposed Rates: Comparison of Inversion Points
 - Table III: 1,000 kWh vs. 1,250 kWh

It is important to note that:

At the 1,000 kWh inversion point:

- Approximately 2/3 of all residential energy is consumed in the first block of 1,000 kWh and below.
- Bills below 1,539 kWh (approximately 69 percent of all bills) are lower under inverted rate design.

At the 1,250 kWh inversion point:

- Approximately 3/4 of all energy is consumed in the first block of 1,250 kWh and below.
- Bills below 1,689 kWh (approximately 77 percent of all bills) are lower bills under inverted rate design.

Comparison of 1,000 kWh and 1,250 kWh inversion points

- Customers consuming 1,000 kWh or less per month will receive higher bills with the 1,250 kWh inversion point than with the 1,000 kWh inversion point; \$0.92 more at 1,000 kWh usage.
- Customers consuming between 1,250 kWh and 2,000 kWh per month will receive lower bills with the 1,250 kWh inversion point than with the 1,000 kWh inversion point; \$1.18 less at 1,500 kWh usage.
- Customers consuming 3,000 kWh or more per month will receive higher bills with the 1,250 kWh inversion point than with the 1,000 kWh inversion point.

TABLE I-A
Residential Bill Comparison
Flat versus 1-Cent Inverted Base Energy Rate
Under Present Rates
1,000 kWh Inversion Point

Mo. Usage (kWh)	Cumulative Number of Bills	Cumulative Bills (%)	Mo. Bill Amount Under Flat Rate Design	Mo. Bill Amount Under Inverted Rate Design	Difference (\$)	Difference (%)
-	3,824	0.1	\$8.72	\$8.72	\$0.00	0.0%
100	16,019	2.8	\$20.69	\$20.33	-\$0.36	-1.7%
250	36,040	6.3	\$38.65	\$37.75	-\$0.90	-2.3%
500	90,571	15.9	\$68.58	\$66.78	-\$1.79	-2.6%
750	169,270	29.6	\$98.51	\$95.82	-\$2.69	-2.7%
1,000	252,921	44.3	\$128.44	\$124.85	-\$3.59	-2.8%
1,250	328,785	57.5	\$160.94	\$159.01	-\$1.92	-1.2%
1,500	391,901	68.6	\$193.43	\$193.17	-\$0.26	-0.1%
1,539	Break-even Point		\$198.50	\$198.50	\$0.00	0.0%
1,750	441,577	77.3	\$225.93	\$227.34	\$1.41	0.6%
2,000	478,867	83.8	\$258.42	\$261.50	\$3.08	1.2%
3,000	548,732	96.0	\$388.40	\$398.14	\$9.74	2.5%
4,000	565,456	98.9	\$518.38	\$534.79	\$16.41	3.2%

Residential Bill Impact Under Present Rates
1-Cent Inverted Base Energy Rate
1,000 kWh Inversion Point

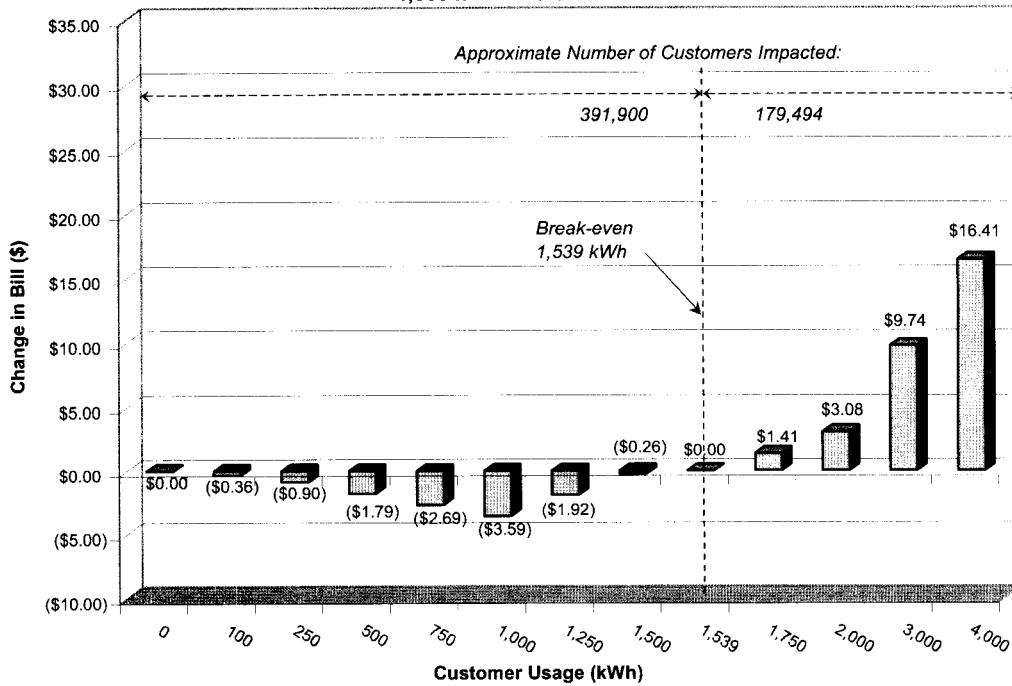


TABLE I-B
Residential Bill Comparison
Flat versus 1-Cent Inverted Base Energy Rate
Under Present Rates
1,250 kWh Inversion Point

Mo. Usage (kWh)	Cumulative Number of Bills	Cumulative Bills (%)	Mo. Bill Amount Under Flat Rate Design	Mo. Bill Amount Under Inverted Rate Design	Difference (\$)	Difference (%)
-	3,824	0.1	\$ 8.72	\$ 8.72	\$ -	0.0%
100	16,019	2.8	\$ 20.69	\$ 20.42	\$ (0.27)	-1.3%
250	36,040	6.3	\$ 38.65	\$ 37.98	\$ (0.67)	-1.7%
500	90,571	15.9	\$ 68.58	\$ 67.25	\$ (1.33)	-1.9%
750	169,270	29.6	\$ 98.51	\$ 96.51	\$ (2.00)	-2.0%
1,000	252,921	44.3	\$ 128.44	\$ 125.77	\$ (2.67)	-2.1%
1,250	328,785	57.5	\$ 160.94	\$ 157.60	\$ (3.33)	-2.1%
1,500	391,901	68.6	\$ 193.43	\$ 191.99	\$ (1.44)	-0.7%
1,689	Break-even		\$ 218.00	\$ 218.00	\$ (0.00)	0.0%
1,750	441,577	77.3	\$ 225.93	\$ 226.39	\$ 0.46	0.2%
2,000	478,867	83.8	\$ 258.42	\$ 260.78	\$ 2.36	0.9%
3,000	548,732	96.0	\$ 388.40	\$ 398.35	\$ 9.95	2.6%
4,000	565,456	98.9	\$ 518.38	\$ 535.92	\$ 17.54	3.4%

Residential Bill Impact Under Present Rates
1-Cent Inverted Base Energy Rate
1,250 kWh Inversion Point

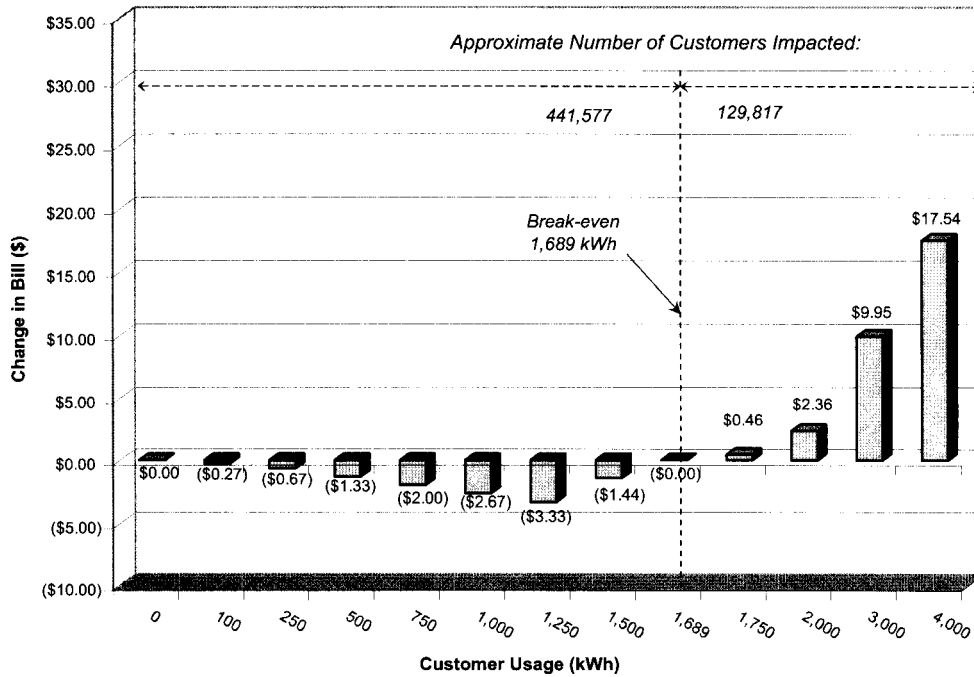


TABLE II-A
Residential Bill Comparison
Flat versus 1-Cent Inverted Base Energy Rate
Under Proposed Rates
1,000 kWh Inversion Point

Mo. Usage (kWh)	Cumulative Number of Bills	Cumulative Bills (%)	Mo. Bill Amount Under Flat Design	Rate	Mo. Bill Amount Under Inverted Rate Design	Difference (\$)	Difference (%)
-	3,824	0.07	\$ 10.77		\$ 10.77	\$ -	0.0%
100	16,019	2.8	\$ 23.92		\$ 23.56	\$ (0.36)	-1.5%
250	36,040	6.3	\$ 43.64		\$ 42.75	\$ (0.90)	-2.1%
500	90,571	15.9	\$ 76.52		\$ 74.72	\$ (1.79)	-2.3%
750	169,270	29.6	\$ 109.39		\$ 106.70	\$ (2.69)	-2.5%
1,000	252,921	44.3	\$ 142.27		\$ 138.68	\$ (3.59)	-2.5%
1,250	328,785	57.5	\$ 177.71		\$ 175.78	\$ (1.92)	-1.1%
1,500	391,901	68.6	\$ 213.14		\$ 212.89	\$ (0.26)	-0.1%
1,539	Break-even Point		\$ 218.67		\$ 218.68	\$ 0.00	0.0%
1,750	441,577	77.3	\$ 248.58		\$ 249.99	\$ 1.41	0.6%
2,000	478,867	83.8	\$ 284.02		\$ 287.10	\$ 3.08	1.1%
3,000	548,732	96.0	\$ 425.77		\$ 435.52	\$ 9.74	2.3%
4,000	565,456	98.9	\$ 567.53		\$ 583.94	\$ 16.41	2.9%

Residential Bill Impact Under Proposed Rates
1-Cent Inverted Base Energy Rate
1,000 kWh Inversion Point

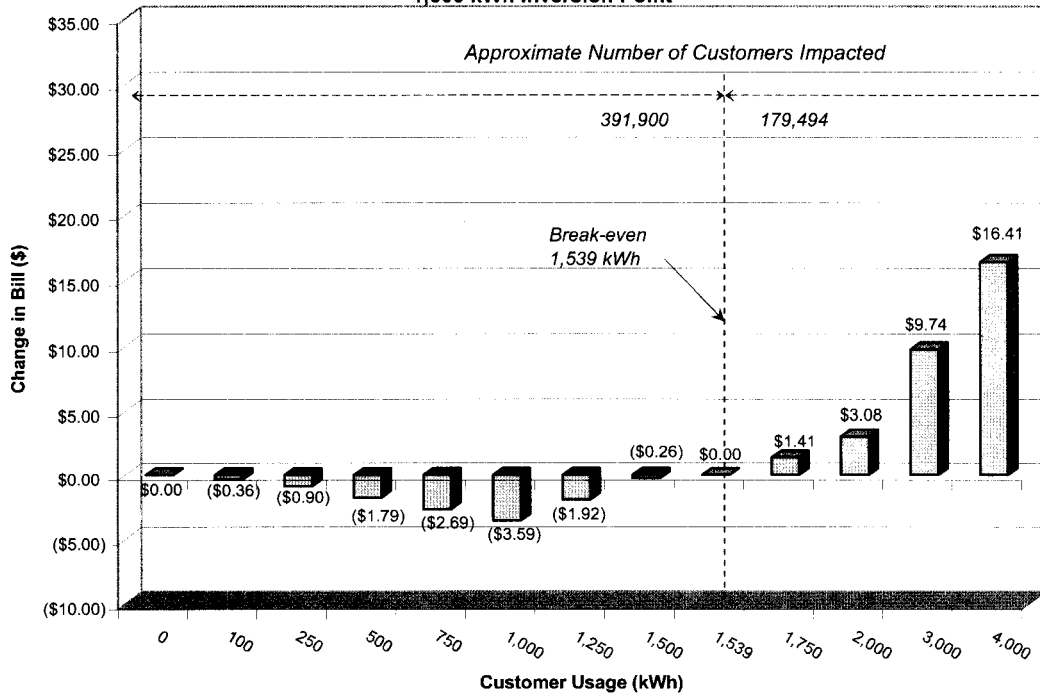


TABLE II-B
Residential Bill Comparison
Flat versus 1-Cent Inverted Base Energy Rate
Under Proposed Rates
1,250 kWh Inversion Point

Mo. Usage (kWh)	Cumulative Number of Bills	Cumulative Bills (%)	Mo. Bill Amount Under Flat Rate Design	Mo. Bill Amount Under Inverted Rate Design	Difference (\$)	Difference (%)
-	3,824	0.1	\$ 10.77	\$ 10.77	\$ -	0.0%
100	16,019	2.8	\$ 23.92	\$ 23.65	\$ (0.27)	-1.1%
250	36,040	6.3	\$ 43.64	\$ 42.98	\$ (0.67)	-1.5%
500	90,571	15.9	\$ 76.52	\$ 75.18	\$ (1.33)	-1.7%
750	169,270	29.6	\$ 109.39	\$ 107.39	\$ (2.00)	-1.8%
1,000	252,921	44.3	\$ 142.27	\$ 139.60	\$ (2.67)	-1.9%
1,250	328,785	57.5	\$ 177.71	\$ 174.37	\$ (3.33)	-1.9%
1,500	391,901	68.6	\$ 213.14	\$ 211.71	\$ (1.44)	-0.7%
1,689	Break-even		\$ 239.94	\$ 239.93	\$ (0.00)	0.0%
1,750	441,577	77.3	\$ 248.58	\$ 249.04	\$ 0.46	0.2%
2,000	478,867	83.8	\$ 284.02	\$ 286.38	\$ 2.36	0.8%
3,000	548,732	96.0	\$ 425.77	\$ 435.72	\$ 9.95	2.3%
4,000	565,456	98.9	\$ 567.53	\$ 585.07	\$ 17.54	3.1%

Residential Bill Impact Under Proposed Rates
1-Cent Inverted Base Energy Rate
1,250 kWh Inversion Point

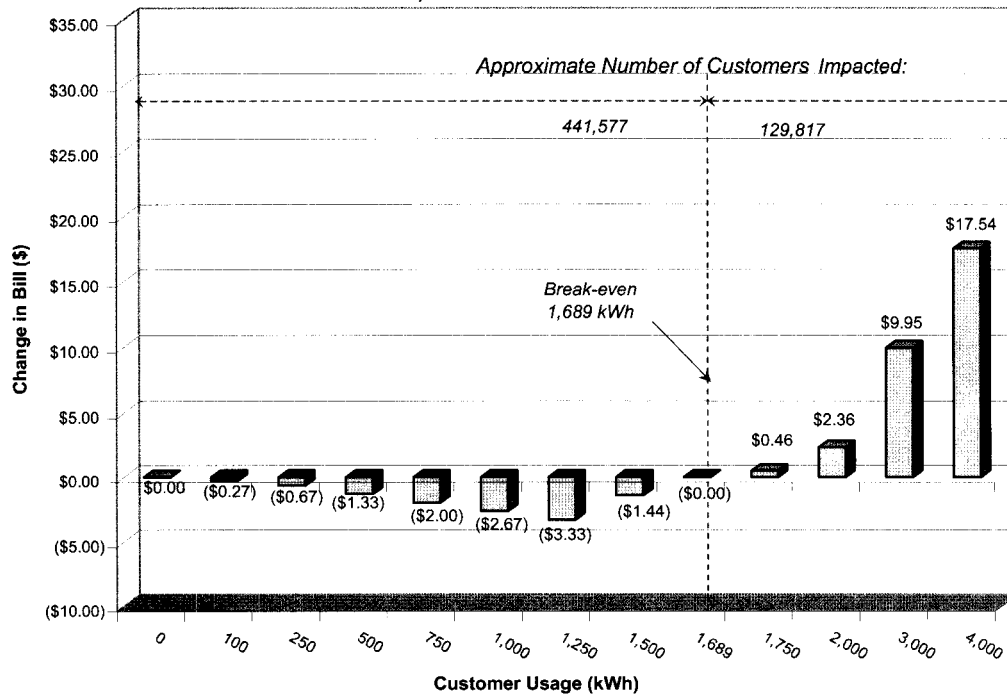


TABLE III
Residential Bill Comparison
Inverted Rate Design Under Proposed Rates
1-Cent Inverted Base Energy Rate
1,000 kWh and 1,250 kWh Inversion Points

Mo. Usage (kWh)	Cumulative Number of Bills	Cumulative Bills (%)	Mo. Bill Amount		Difference (\$)	Difference (%)
			Under 1,000 kWh Inverted Rate	Under 1,250 kWh Inverted Rate		
-	3,824	0.1	\$10.77	\$10.77	\$0.00	0.0%
100	16,019	2.8	\$23.56	\$23.65	\$0.09	0.4%
250	36,040	6.3	\$42.75	\$42.98	\$0.23	0.5%
500	90,571	15.9	\$74.72	\$75.18	\$0.46	0.6%
750	169,270	29.6	\$106.70	\$107.39	\$0.69	0.6%
1,000	252,921	44.3	\$138.68	\$139.60	\$0.92	0.7%
1,250	328,785	57.5	\$175.78	\$174.37	-\$1.41	-0.8%
1,500	391,901	68.6	\$212.89	\$211.71	-\$1.18	-0.6%
1,750	441,577	77.3	\$249.99	\$249.04	-\$0.95	-0.4%
2,000	478,867	83.8	\$287.10	\$286.38	-\$0.72	-0.3%
3,000	548,732	96.0	\$435.52	\$435.72	\$0.21	0.0%
4,000	565,456	98.9	\$583.94	\$585.07	\$1.13	0.2%

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
FPSC HEARING
WITNESS: WILLIAM R. ASHBURN
LATE FILED HEARING EXHIBIT NO. 116
PAGE 1 OF 2
FILED: 02/05/09

- Q.** Provide Tampa Electric's revised response to Staff's Fourteenth Set of Interrogatories No. 230(f).
- A.** Attached is Tampa Electric's revised response to Staff's Fourteenth Set of Interrogatories No. 230(f).

Impact to Interruptible Class
Resulting from transfer to Schedule GSD/SBF and Rate Riders GSLM-2/GSLM-3

<u>IS Transfer Groups</u>	<u>Current as of 1/09</u>	<u>Proposed 5/09</u>	
IS-1 transfers to GSD	\$ 13,620,961	\$ 32,010,593	
IS-1 transfers to GSD Opt	\$ 86,013	\$ 208,720	
IS-1 vacant accounts eliminated ⁽¹⁾	\$ 168,000	\$ -	
IS-3 transfers to GSD	\$ 3,660,109	\$ 6,721,879	
IS-3 transfers to GSD Optional	\$ 289,638	\$ 730,524	
SBI-1 transfers to SBF	\$ 1,954,960	\$ 5,814,043	
SBI-3 transfers to SBF	\$ 2,134,844	\$ 5,218,850	
Total GSLM-2 and GSLM-3 Credits	\$ -	\$ (22,360,516)	
Subtotal Base Charges	\$ 21,914,525	\$ 28,344,094	
CCR, ECCR, ECRC ⁽²⁾	\$ 4,234,778	\$ 11,194,227	
Fuel	\$ 88,644,225	\$ 88,644,225	
FL Gross Receipts Tax	\$ 2,943,421	\$ 3,286,729	
Total Base and Recovery Clause Charges	\$ 117,736,949	\$ 131,469,275	
Impact to IS Class		\$ 13,732,326	11.66%

⁽¹⁾ These accounts have consumption activity; however, customers continue paying the minimum charge to maintain active status thus ensuring "grandfathered" access to the closed rate schedules. There will be no economic reason to continue to maintain these accounts when the customers are transferred to the open rate schedule, GSD, and interruptible rate rider, GSLM-2.

⁽²⁾ The CCR, ECRC, and ECCR clause charges will be affected by the 12 CP and 25% AD cost allocation method proposed by Tampa Electric in this rate proceeding. In addition, the company is proposing CCR and ECCR rates based on demand instead of energy.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

TAMPA ELECTRIC COMPANY
LATE FILED HEARING EXHIBIT
HEARING DATE JANUARY 29, 2009

GORDON L. GILLETTE AND SUSAN ABBOTT

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

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Gordon L. Gillette and Susan Abbott

Late Filed Hearing Exhibit

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123	Tampa Electric's Debt/Equity Cost Comparison	1

- Q. Provide an analysis of debt and equity cost comparisons.
- A. Continuous access to the capital markets is especially important given the electric utility industry's obligation to provide reliable service through challenging capital market conditions, challenging storm events, and given the current and expected high level of investments needed to maintain and storm harden the electrical generation and distribution system. Access to capital markets has been highly constrained by a decreased supply of capital resulting from the current financial crisis. For example, the top financial institutions looked to by utilities and others for capital have seen their market capitalization decline from approximately \$1.5 trillion as of January 1, 2007 to less than \$400 billion today, despite infusion during the interim months of additional private capital as well as government-injected capital of roughly \$450 billion. As Tampa Electric looks to not only meet its traditional requirements for serving customers, it is also committed to complying with federal and state policies regarding greenhouse gas emissions. Access to capital is extremely important in ensuring such policies can be implemented.

While access to capital has been the company's primary justification for targeting single A debt ratings, the company made reference to a recently published report by JP Morgan "Conservative Capital Structures: Reclaiming the Throne" that offered a timely quantitative perspective on the topic. This report concluded that "generally, firms' lowest cost of capital is now reached at credit ratings that are about four notches higher than they were 18 months ago (specifically, A instead of BBB-)". JP Morgan graphically displayed the results of its analysis of the cost of capital across a range of credit ratings (see Figure 1 on page 2 of the report).

The following debt and equity cost comparison prepared by Tampa Electric applies the principles that are followed in JP Morgan's report to key components of Tampa Electric's filing and current market rates for debt for the electric sector. The exhibit shows that the weighted cost of capital is cheaper at the single A ratings level than BBB or BB.

Debt / Equity Cost Comparison

Rating	Equity Ratio in Capital Structure	Debt Cost Rate	Requested Equity Cost Rate	After-tax Weighted Cost of Capital
A	55.0%	7.0%	12.0%	8.5%
BBB	50.0%	9.0%	12.0%	8.8%
BB	45.0%	11.0%	12.0%	9.1%

This analysis demonstrates the concept that there are two, somewhat offsetting factors. The first is that higher ratings demand stronger capital structures. In effect, this means carrying a higher equity ratio. Since equity is riskier than debt, the returns required by investors are higher. So the first factor, increasing the equity ratio, increases the cost of capital. The second factor is that as financial risk increases (i.e. by lowering the equity ratio and placing more debt in the capital structure), returns required by both debt and equity investors increase. This is especially pronounced in the current markets. In the simplified analysis above, the company assumed the equity return remains constant at the requested 12 percent but included the higher debt costs associated with decreasing ratings and equity ratios as observed through time in the capital markets. The difference in the cost of recent debt issues at an A rating versus a BBB rating have averaged about 200 basis points, or 2 percent. The analysis shows that, under current market conditions, in computing the costs of issuing debt and equity in the amounts required to obtain A ratings in one case and BBB or BB ratings in another, it is cheaper to carry the increased amount of equity needed to be single A rated because the relative costs of debt at single A are low enough to more than offset the cost of carrying more equity. This is true even with the simplifying assumptions that the required return on equity remains at the requested 12 percent level with a decreasing equity ratio. In reality, investors required rates of return would actually increase with higher levels of leverage (lower equity ratios) all other things equal. If the analysis also factored in the higher required returns on equity with a decreasing equity ratio, the conclusion would be even more compelling, such that a single A rating would have been shown to be even more economic to ratepayers. Consistent with the JP Morgan report, this analysis demonstrates that it is

cheaper to have a single A capital structure than a BBB or BB capital structure given the current state of the markets.

The evidence in this case, as explained in Tampa Electric testimony and exhibits, shows that the cost of equity capital required for Tampa Electric to attract capital to fund service to Tampa Electric's customers is 12%. Recognizing this correct market-based cost of equity capital in this proceeding, in conjunction with establishing a financially sound capital structure, Tampa Electric will be placed in a better position in an increasingly difficult and competitive capital markets to maintain adequate access to capital in order to serve customers' needs.

Finally, given the current state of the debt markets, customers will benefit in two ways from achieving single A credit ratings. First, if the current debt market conditions persist, it will have significantly lower interest rates on the \$1.1 billion of debt the company needs to issue over the next five years¹. Second, it will have better access to markets as it finances its long-term needs and be better positioned to avoid becoming "non-investment grade" in the event of a hurricane or financial upheaval. The company strongly believes that the short-term higher costs of having more equity in the capital structure will be offset in the medium to long-term by the benefits of lower interest rates on debt issuances, lower risk, and better market access.

It is important to keep in mind that any decision regarding financial integrity is a very strategic and defining decision that should not be based solely on perceived short-term implications. This is also recognized by JP Morgan in their report; "Today's [credit] environment is a stark reminder that capital structures are strategic and should not be designed to exploit short-term opportunities." Over the long term, ensuring that the company

¹ During the hearing, the intervenors strived to make the point that the costs associated with higher returns on equity outweigh any benefits achieved by issuing lower cost of debt in the short term. This ignores that the costs associated with the \$1.7 billion of embedded debt rate reflect past commission decisions that have supported strong financial integrity which continue to benefit ratepayers today. Furthermore, Tampa Electric's debt will be impacted dramatically over the next five years since the company will be issuing \$1.1 billion of debt, including \$600 million of refinancings of maturing debt. This will have a very significant impact on the embedded cost of debt since this represents more than half of the company's current debt balance.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
FPSC HEARING
WITNESSES: GORDON L. GILLETTE
AND SUSAN ABBOTT
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is afforded strong financial integrity will provide a high level of assurance that the company can meet its future capital commitments under a broad range of capital markets and operating conditions and continue to provide customers quality and affordable service in the future. The company believes that achieving A ratings by having a 12 percent return on equity and a strong capital structure, including a 55 percent financial equity ratio, is the best way to accomplish this.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI

TAMPA ELECTRIC COMPANY
LATE FILED HEARING EXHIBIT
HEARING DATE JANUARY 29, 2009

DR. DONALD A. MURRY, PH.D.

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Dr. Donald A. Murry, Ph.D. Late Filed Hearing Exhibit

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126	Risk-Free Return Used in the CAPM Analysis in Dr. Murry's Rebuttal Testimony	1

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
FPSC HEARING
WITNESS: DR. DONALD MURRY, PH.D.
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- Q.** Provide the risk-free return used in the CAPM analysis in Dr. Donald Murry's rebuttal testimony.
- A.** The risk-free return used in the CAPM analysis in Dr. Murry's rebuttal testimony is the November 20-year Treasury, constant maturities, of 4.27%. See attached.



FEDERAL RESERVE statistical release

H.15 (519) SELECTED INTEREST RATES

For use at 2:30 p.m. Eastern Time

Yields in percent per annum

December 1, 2008

Instruments	2008	2008	2008	2008	2008	Week Ending		2008
	Nov 24	Nov 25	Nov 26	Nov 27*	Nov 28	Nov 28	Nov 21	Nov
Federal funds (effective) ^{1 2 3}	0.62	0.59	0.53	0.53	0.52	0.56	0.36	0.39
Commercial Paper ^{3 4 5 6}								
Nonfinancial								
1-month	0.46	0.64	0.40		0.37	0.47	0.49	0.61
2-month	1.10	1.21	0.97		n.a.	1.09	1.14	1.28
3-month	n.a.	1.29	1.22		n.a.	1.26	1.28	1.45
Financial								
1-month	1.42	1.45	1.31		0.91	1.27	1.37	1.29
2-month	1.88	1.88	1.16		1.25	1.54	1.47	1.50
3-month	2.03	1.70	n.a.		1.30	1.68	1.47	1.54
CDs (secondary market) ^{3 7}								
1-month	1.35	1.45	1.40		2.00	1.55	1.43	1.63
3-month	2.18	2.21	2.23		2.25	2.22	2.26	2.36
6-month	2.60	2.68	2.75		2.68	2.68	2.79	2.83
Eurodollar deposits (London) ^{3 8}								
1-month	2.00	2.00	2.00		2.75	2.19	1.82	2.08
3-month	3.00	3.00	3.00		3.00	3.00	3.00	3.11
6-month	3.60	3.60	3.60		3.60	3.60	3.72	3.82
Bank prime loan ^{2 3 9}	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Discount window primary credit ^{2 10}	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
U.S. government securities								
Treasury bills (secondary market) ^{3 4}								
4-week	0.01	0.04	0.02		0.02	0.02	0.07	0.09
3-month	0.13	0.10	0.05		0.01	0.07	0.07	0.19
6-month	0.54	0.53	0.48		0.43	0.50	0.63	0.73
1-year	0.92	0.93	0.91		0.88	0.91	0.94	1.04
Treasury constant maturities								
Nominal ¹¹								
1-month	0.01	0.04	0.02		0.02	0.02	0.07	0.09
3-month	0.13	0.10	0.05		0.01	0.07	0.07	0.19
6-month	0.54	0.53	0.48		0.44	0.50	0.64	0.74
1-year	0.95	0.95	0.93		0.90	0.93	0.96	1.07
2-year	1.31	1.15	1.09		1.00	1.14	1.11	1.21
3-year	1.53	1.41	1.38		1.27	1.40	1.38	1.51
5-year	2.24	2.06	2.01		1.93	2.06	2.12	2.29
7-year	2.71	2.49	2.43		2.35	2.50	2.66	2.82
10-year	3.35	3.11	2.99		2.93	3.10	3.38	3.53
20-year	4.01	3.85	3.77		3.71	3.84	4.14	4.27
30-year	3.78	3.63	3.54		3.45	3.60	3.93	4.00
Inflation indexed ¹²								
5-year	4.19	4.12	4.24		4.17	4.18	3.65	3.69
7-year	4.27	3.96	3.86		3.78	3.97	3.92	3.84
10-year	3.11	2.79	2.68		2.60	2.80	2.99	2.89
20-year	3.32	3.14	3.10		2.98	3.14	2.91	3.00
Inflation-indexed long-term average ¹³	3.44	3.30	3.22		3.15	3.28	2.99	3.09
Interest rate swaps ¹⁴								
1-year	2.13	1.98	2.04		2.10	2.06	2.04	2.11
2-year	2.29	2.10	2.13		2.16	2.17	2.18	2.30
3-year	2.61	2.36	2.40		2.41	2.45	2.53	2.69
4-year	2.92	2.65	2.68		2.64	2.72	2.86	3.03
5-year	3.15	2.86	2.89		2.86	2.94	3.11	3.30
7-year	3.41	3.09	3.10		3.07	3.17	3.44	3.63
10-year	3.54	3.21	3.22		3.18	3.28	3.66	3.85
30-year	3.41	3.16	3.18		3.08	3.21	3.61	3.83
Corporate bonds								
Moody's seasoned								
Aaa ¹⁵	5.92	5.75	n.a.		5.60	5.76	5.99	6.15
Baa	9.21	9.12	n.a.		9.03	9.12	9.14	9.22
State & local bonds ¹⁶					5.39	5.39	5.13	5.23
Conventional mortgages ¹⁷					5.97	5.97	6.04	6.09

See overleaf for footnotes.

* Markets closed.

n.a. Not available.

Footnotes

1. The daily effective federal funds rate is a weighted average of rates on brokered trades.
2. Weekly figures are averages of 7 calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.
3. Annualized using a 360-day year or bank interest.
4. On a discount basis.
5. Interest rates interpolated from data on certain commercial paper trades settled by The Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). The 1-, 2-, and 3-month rates are equivalent to the 30-, 60-, and 90-day dates reported on the Board's Commercial Paper Web page (www.federalreserve.gov/releases/cp/).
6. Financial paper that is insured by the FDIC's Temporary Liquidity Guarantee Program is not excluded from relevant indexes, nor is any financial or nonfinancial commercial paper that may be directly or indirectly affected by one or more of the Federal Reserve's liquidity facilities. Thus the rates published after September 19, 2008, likely reflect the direct or indirect effects of the new temporary programs and, accordingly, likely are not comparable for some purposes to rates published prior to that period.
7. An average of dealer bid rates on nationally traded certificates of deposit.
8. Bid rates for Eurodollar deposits collected around 9:30 a.m. Eastern time.
9. Rate posted by a majority of top 25 (by assets in domestic offices) insured U.S.-chartered commercial banks. Prime is one of several base rates used by banks to price short-term business loans.
10. The rate charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program, which became effective January 9, 2003. This rate replaces that for adjustment credit, which was discontinued after January 8, 2003. For further information, see www.federalreserve.gov/boarddocs/press/bcreg/2002/200210312/default.htm. The rate reported is that for the Federal Reserve Bank of New York. Historical series for the rate on adjustment credit as well as the rate on primary credit are available at www.federalreserve.gov/releases/h15/data.htm.
11. Yields on actively traded non-inflation-indexed issues adjusted to constant maturities. The 30-year Treasury constant maturity series was discontinued on February 18, 2002, and reintroduced on February 9, 2006. From February 18, 2002, to February 9, 2006, the U.S. Treasury published a factor for adjusting the daily nominal 20-year constant maturity in order to estimate a 30-year nominal rate. The historical adjustment factor can be found at www.treas.gov/offices/domestic-finance/debt-management/interest-rate/ltcompositeindex_historical.shtml. Source: U.S. Treasury.
12. Yields on Treasury inflation protected securities (TIPS) adjusted to constant maturities. Source: U.S. Treasury. Additional information on both nominal and inflation-indexed yields may be found at www.treas.gov/offices/domestic-finance/debt-management/interest-rate/index.html.
13. Based on the unweighted average bid yields for all TIPS with remaining terms to maturity of more than 10 years.
14. International Swaps and Derivatives Association (ISDA®) mid-market par swap rates. Rates are for a Fixed Rate Payer in return for receiving three month LIBOR, and are based on rates collected at 11:00 a.m. Eastern time by Garban Intercapital plc and published on Reuters Page ISDAFIX®1. ISDAFIX is a registered service mark of ISDA. Source: Reuters Limited.
15. Moody's Aaa rates through December 6, 2001, are averages of Aaa utility and Aaa industrial bond rates. As of December 7, 2001, these rates are averages of Aaa industrial bonds only.
16. Bond Buyer Index, general obligation, 20 years to maturity, mixed quality; Thursday quotations.
17. Contract interest rates on commitments for fixed-rate first mortgages. Source: Primary Mortgage Market Survey® data provided by Freddie Mac.

Note: Weekly and monthly figures on this release, as well as annual figures available on the Board's historical H.15 web site (see below), are averages of business days unless otherwise noted.

Current and historical H.15 data are available on the Federal Reserve Board's web site (www.federalreserve.gov/). For information about individual copies or subscriptions, contact Publications Services at the Federal Reserve Board (phone 202-452-3244, fax 202-728-5886). For paid electronic access to current and historical data, call STAT-USA at 1-800-782-8872 or 202-482-1986.

Description of the Treasury Nominal and Inflation-Indexed Constant Maturity Series

Yields on Treasury nominal securities at "constant maturity" are interpolated by the U.S. Treasury from the daily yield curve for non-inflation-indexed Treasury securities. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The constant maturity yield values are read from the yield curve at fixed maturities, currently 1, 3, and 6 months and 1, 2, 3, 5, 7, 10, 20, and 30 years. This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity. Similarly, yields on inflation-indexed securities at "constant maturity" are interpolated from the daily yield curve for Treasury inflation protected securities in the over-the-counter market. The inflation-indexed constant maturity yields are read from this yield curve at fixed maturities, currently 5, 7, 10, and 20 years.