



TAMPA ELECTRIC

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COMMISSION
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July 29, 2009

Mr. Timothy J. Devlin, Director
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oaks Boulevard
Tallahassee, Florida 32399-0865

Re: Docket No. 080317-EI -- Petition for rate increase by Tampa Electric Company
Order No. PSC-09-0283-FOF-EI

Dear Mr. Devlin:

On April 30, 2009, the Florida Public Service Commission ("the Commission") issued Order No. PSC-09-0283-FOF-EI ("the Order") in the Tampa Electric Company ("the Company") rate case, Docket No. 080317-EI. Page 128 of the Order states:

ORDERED that Tampa Electric Company shall file, within 90 days after the date of the Final Order in this docket, a description of all entries or adjustments to its annual report, earnings surveillance reports, and books and records that will be required as a result of the decision made in this docket.

The following summary responds to that requirement in the Order. This document discusses first the items for which changes to the books and records of the Company are being made. It will then discuss items that require adjustments to the rate of return reports filed monthly with the Commission ("Earnings Surveillance Reports"). In both cases, specific items mentioned in the Order are grouped into the broad categories used in the Order.

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I. Changes to Books and Records

The following represents changes that are being made to the books and records of the Company as required by the Order. The term "books and records" is meant to encompass annual reports, financial statements, general ledger and accounting systems of the Company.

Rate Base

1. Level of CWIP – the Company will begin including all CWIP eligible for AFUDC in the capital expenditure amount used to calculate AFUDC earnings, without a \$36 million adjustment.
2. Deferred Dredging Cost – the Company will defer up to \$3,400,272 of dredging expenditures to Account 182 – Regulatory Asset and will amortize that amount to O&M expense over a five-year period.
3. Storm Damage Reserve – in addition to the \$4 million storm reserve liability accrual the Commission approved on March 25, 1994, the Company will accrue an additional \$4 million to the liability annually effective May 2009. The total annual accrual to the reserve will become \$8 million.
4. Unamortized Rate Case Expense – the Company will defer \$1,973,000 of rate case expenditures to account 182 – Regulatory Asset and will amortize that amount to O&M expense over a four-year period.

Net Operating Income

1. Dredging Expense – dredging expense of up to \$3,400,272 will be amortized to O&M over a five-year period beginning May 2009. The monthly amortization is \$56,671.
2. Accrual for Property Damage – the Company will accrue an additional \$4 million to O&M expense annually (\$333,333.33 monthly) beginning in May 2009, resulting in a new total of \$8 million annually (\$666,666.67 monthly) for storm damage accrual.
3. Rate Case Expense – rate case expense of \$1,973,000 will be amortized to O&M over a four-year period beginning May 2009. The monthly amortization is \$41,104.

Rate Issues

1. Rates and Charges – effective May 7, 2009, the Company's billing system was changed to reflect the changes to rates and charges as specified in the Order. Effective August 13, 2009, the company's billing system will be changed to reflect the final rates specified in the Order on reconsideration.

Cost Recovery Clauses

1. Return on Investment – effective May 7, 2009, the company began to calculate Return on Investment (ROI) for assets within the Energy Conservation Cost Recovery Clause and the Environmental Cost Recovery Clause using the approved weighted cost of capital from this proceeding.

II. Changes to Earnings Surveillance Reports

The following represents changes that have been made in the Earnings Surveillance Reports beginning with the report for May 2009. The adjustments to Rate Base and Net Operating Income will be transitioned in to coincide with the date the new rates took effect (May 7, 2009). The changes to capital structure calculations were put in effect immediately to parallel the immediate implementation of the new return on equity (ROE) mid-point and the new allowed ROE range.

Rate Base

1. Level of CWIP – \$36 million of CWIP eligible for AFUDC will no longer be included in rate base.
2. Unamortized Rate Case Expense – an adjustment will be made to remove the unamortized portion of deferred rate case expense from working capital.

Cost of Capital

1. Specific Adjustment for Clause Under-recovery - a specific adjustment will be made to deferred taxes and then short-term debt for the respective amounts associated with the removal of individual clause net under-recovery balances.
2. Pro Rata Adjustments – the Company will apply pro rata adjustments over all sources of capital for plant asset adjustments, including ECRC and CWIP. For adjustments unrelated to plant, the Company will apply pro rata over investor sources of capital after applicable adjustments to deferred taxes per the instructions in Docket No. 080317-EI.

Net Operating Income

1. Incentive Compensation –an adjustment will be made to remove any O&M expense associated with Tampa Electric's incentive compensation pay tied directly to TECO Energy's financial performance.
2. Rate Case Expense – an adjustment will be made to remove any O&M expense associated with payments made to Julie Cannell, New Harbor and Huron in excess of the amounts allowed in the Order
3. Parent Debt Adjustment – an adjustment will be made to income tax expense to reflect the impact of any parent company debt.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. Chronister". The signature is fluid and cursive, with a large initial "J" and "S".

Jeffrey S. Chronister
Assistant Controller

cc: Mr. L. Willis - Ausley & McMullen
Mr. J. Beasley - Ausley & McMullen
✓ Ann Cole, FPSC Director, Division of Commission Clerk and All Parties of Record