STATE OF FLORIDA
OFFICE OF PUBLIC COUNSEL

c/o THE FLORIDA LEGISLATURE
111 WEST MADISON ST.
ROOM 812
TALLAHASSEE, FLORIDA 32399-1400
1-800-342-0222

EMAIL: OPC_WEBSITE@LEG.STATE.FL.US
WWW.FLORIDAOPC.GOV

DON GAETZ
President of the Senate

J.R. Kelly
Public Counsel

WILL WEATHERFORD
Speaker of the House of Representatives

July 18, 2013

Ms. Anne Cole
Office of Commission Clerk
Florida Public Service Commission
Re: Docket No. 130040-EI

Re: Docket No. 130040-EI – Redacted Version of the Direct Testimony and Exhibits of Donna Ramas

Pursuant to our Memorandum of Understanding (MOU), enclosed for filing are the Redacted Direct Testimony and Exhibits of Donna Ramas.

The testimony was originally filed on July 15, 2013 in confidential and un-redacted form. Parties to the docket who executed non-disclosure agreements were served with a confidential version of the testimony. A copy of this redacted version of this testimony is being served to all parties to this docket.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Patricia A. Christensen
Associate Public Counsel

Enclosure

cc: All parties of record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Rate Increase by
Tampa Electric Company
______________________________/

Docket No. 130040-EI

FILED: July 15, 2013

REDACTED

DIRECT TESTIMONY

OF

DONNA RAMAS, CPA

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

J. R. Kelly
Public Counsel

Patricia A. Christensen
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
(850) 488-9330

Attorneys for the Citizens
of the State of Florida

TABLE OF CONTENTS

EXHIBITS

DIRECT TESTIMONY

OF

DONNA RAMAS

On Behalf of the Office of Public Counsel

Before the

Florida Public Service Commission

Docket No. 130040-EI

INTRODUCTION

Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?

A. My name is Donna Ramas. I am a Certified Public Accountant licensed in the State of Michigan and Principal at Ramas Regulatory Consulting, LLC, with offices at 4654 Driftwood Drive, Commerce Township, Michigan 48382.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION?

A. Yes, I have testified before the Florida Public Service Commission ("PSC" or "Commission") on several prior occasions. I have also testified before several other state regulatory commissions.

Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. I have attached Exhibit DMR-1, which is a summary of my regulatory experience and qualifications.

Q. ON WHOSE BEHALF ARE YOU APPEARING?

A. I am appearing on behalf of the Citizens of the State of Florida ("Citizens") for the Office of Public Counsel ("OPC").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I am presenting OPC's overall recommended revenue requirement for Tampa Electric Company ("Tampa Electric" or "Company") in this case. I also sponsor several adjustments to the Company's proposed rate base and operating income.

Q. ARE ANY ADDITIONAL WITNESSES APPEARING ON BEHALF OF THE FLORIDA OFFICE OF PUBLIC COUNSEL IN THIS CASE?

A. Yes. Helmuth W. Schultz, III, of Larkin & Associates, PLLC, is presenting testimony on several issues which impact the revenue requirements. Jacob Pous' testimony addresses the appropriate amortization rate to apply to software included in Tampa Electric's test year rate base and presents the adjustment needed to reflect his recommendation. Kevin O'Donnell's testimony addresses the appropriate capital structure for purposes of determining the revenue requirements of Tampa Electric in this case as well as the financial integrity of Tampa Electric taking into consideration the recommendations made by OPC's witnesses in this case. Dr. Randall Woolridge presents Citizens' recommended rate of return on equity in this case using the capital structure recommended by Mr. O'Donnell, and the appropriate rate of return on equity if Tampa Electric's proposed capital structure is adopted by the Commission.

Q. HOW WILL YOUR TESTIMONY BE ORGANIZED?

A. I first present the overall financial summary for the base rate change, showing the primary revenue requirement recommended by Citizens. I then discuss several of my proposed adjustments which impact the test year revenue requirements. Exhibit DMR-2 presents the schedules and calculations in support of this section of my testimony.

I then present the outcome of an alternative revenue requirement using Tampa Electric's proposed capital structure instead of the capital structure recommended by OPC in this case. The calculations of the alternative revenue requirement are presented in Exhibit DMR-3.

OVERALL FINANCIAL SUMMARY

Q. PLEASE DISCUSS THE EXHIBIT YOU PREPARED IN SUPPORT OF YOUR TESTIMONY AS IT PERTAINS TO OPC'S PRIMARY RECOMMENDATION.

A. Exhibit DMR-2, totaling 12 pages, consists of Schedules A-1, A-2, B-1, C-1 through C-6, and D.

Schedule A-1 presents the revenue requirement calculation, giving effect to all of the adjustments I am recommending in this testimony, along with the impacts of the recommendations made by Citizens' witnesses Schultz, Pous, O'Donnell and Woolridge. Schedule B-1 presents OPC's adjusted rate base and identifies each of the adjustments impacting rate base that are recommended by Citizens' witnesses in this case. OPC's adjustments to net operating income are listed on Schedule C-1. Schedules C-2 through C-6 provide supporting calculations for the adjustments I am sponsoring to net operating income, which are presented on Schedule C-1.

Q. WOULD YOU PLEASE DISCUSS SCHEDULE D?

A. Schedule D presents Citizens' recommended capital structure and overall rate of return, based on the revisions to Tampa Electric's proposed debt-to-equity ratio recommended by Mr. O'Donnell and the rate of return on equity recommended by Dr. Woolridge. The capital structure ratios are based on the ratios recommended by Mr. O'Donnell; however, the capital structure dollar amounts differ, as I have applied the adjustments to the capital structure necessary to synchronize Citizens' recommended rate base with the overall capital structure. On Schedule D, I then applied Dr. Woolridge's recommended cost rates to the recommended capital ratios, resulting in OPC's overall recommended rate of return of 5.66%.

Q. WHAT IS THE RESULTING REVENUE REQUIREMENT FOR TAMPA ELECTRIC COMPANY?

A. As shown on Exhibit DMR-2, Schedule A-1, OPC's recommended adjustments in this case result in a recommended revenue reduction for Tampa Electric of $5,589,000. This is $140.429 million less than the $134.84 million base rate increase requested by Tampa Electric in its filing.

<u>REVENUE EXPANSION FACTOR</u>

Q. WHAT IS THE PURPOSE OF YOUR EXHIBIT DMR-2, SCHEDULE A-2, "REVENUE EXPANSION FACTOR"?

A. In determining the amount of change in revenues to achieve a specific required change in net operating income, it is necessary to apply the revenue expansion factor. The revenue expansion factor is also sometimes called the Net Operating Income Multiplier or the Gross Revenue Conversion Factor. This gross-up or revenue expansion factor is needed because a portion of every additional dollar of revenue collected by Tampa Electric will go to regulatory assessment, state income taxes and federal income taxes. Additionally, a portion of additional revenues would also be considered uncollectible. In its filing, Tampa Electric has included a Revenue Expansion Factor of 1.63220, which was calculated on its MFR Schedule C-44. This Revenue Expansion Factor is applied to Tampa Electric's projected net operating income deficiency in determining the amount of revenue increase shown on Tampa Electric's MFR Schedule A-1.

Later in this testimony, I recommend that the projected test year bad debt rate (or uncollectible rate) be reduced from the rate of 0.185% incorporated in Tampa Electric's filing to a rate of 0.122%. As shown on Exhibit DMR-2, page 2 (Schedule A-2), incorporating the revised bad debt rate in the calculation of the revenue expansion factor reduces the factor from the 1.63220 rate used by Tampa Electric to 1.63117. This revised revenue expansion factor is used on Exhibit DMR-2, Schedule A-1 in calculating OPC's recommended reduction in revenues.

RECOMMENDED ADJUSTMENTS

Q. WOULD YOU PLEASE DISCUSS EACH OF YOUR SPONSORED ADJUSTMENTS TO TAMPA ELECTRIC'S FILING?

A. Yes, I will address each adjustment I am sponsoring below.

Other Operating Revenues – Calpine Contract Adjustment

Q. WHAT AMOUNT IS INCLUDED IN THE TEST YEAR FOR OTHER ELECTRIC REVENUES?

A. MFR Schedule C-5 shows at lines 26 and 29 that the unadjusted test year Other Electric Revenues in Federal Energy Regulatory Commission ("FERC") Account 456 – Other Electric Revenues are $19,890,000 ($18,757,000 jurisdictional) and the adjusted test year jurisdictional amount is $11,248,000. The test year jurisdictional balance on MFR Schedule C-5 was reduced by $3,969,000 for a "Calpine Contract Adjustment" and $3,540,000 for an "Auburndale Wheeling Revenue" adjustment.

Q. HOW DO OTHER ELECTRIC REVENUES PROJECTED FOR 2014 COMPARE TO PRIOR PERIODS?

A. Tampa Electric's response to OPC Interrogatory No. 122 shows that the Other Electric Revenues were $17,694,000 in 2009, $20,041,000 in 2010, $24,433,000 in 2011, and $25,777,000 in 2012. The adjusted test year balance of Other Electric Revenues in FERC Account 456 of $11,248,000 is substantially lower than the amount recorded in prior periods.

Q. WOULD YOU PLEASE DISCUSS THE ADJUSTMENT MADE BY TAMPA ELECTRIC TO REMOVE CALPINE TRANSMISSION REVENUES FROM THE TEST YEAR?

A. Yes. At page 47 of the direct testimony of Tampa Electric witness Jeffrey Chronister, he indicates that the Calpine Purchase Power Agreement ("PPA") is set to expire at the end of May 2014, and that "Tampa Electric has not been informed that any portion of that 526 MW transmission agreement will be extended beyond that date." As a result, the Company removed $3,969,000 from the test year jurisdictional Other Operating Revenues on MFR Schedule C-2, page 3 of 7. The $3,969,000 adjustment removes the revenues included in the unadjusted test year for January through May, 2014. At page

47, Mr. Chronister also proposes that the transmission revenues from Calpine for the first five months of the test year (i.e., January through May) be spread over a 12-month period and credited back to customers through the fuel clause.

Q. HAS TAMPA ELECTRIC PROVIDED ANY UPDATED INFORMATION REGARDING WHETHER THE TRANSMISSION AGREEMENT WITH CALPINE WILL BE EXTENDED BEYOND THE MAY 2014 EXPIRATION DATE?

A. Yes. OPC Interrogatory No. 64(b) asked the Company to explain why it was not anticipated that the Calpine PPA will be extended or renewed after the current expiration date in May 2014. The response, filed on May 20, 2013, indicated as follows:

> Calpine owns two generating plants connected to a Tampa Electric substation. The Osprey Energy Center is a 526 MW combined cycle unit and the Auburndale Peaker Energy Center is a 135 MW peaking unit. Calpine currently sells 350 MW of firm power to Seminole Electric under a PPA that ends May 31, 2014. They also sell 117 MW to Tampa Electric under a PPA that ends December 31, 2016. Calpine has two, long-term, firm transmission service reservations on the Tampa Electric transmission system. One is for 249 MW on a path to Duke and the other is for 277 MW on a path to FPL. The original TSA for these reservations ends May 31, 2014, and to date Calpine has not committed to roll over the service as Seminole Electric has indicated that they will not continue their PPA with Calpine past that time. Calpine is the customer of record and has the right to roll either or both of these reservations over, for the full MW amount of each reservation or for some amount less. The customer must make the roll over request on OASIS one year or more prior to the services' termination (May 31, 2013). At this time, Tampa Electric is not aware if the contract will be rolled over, and if so for how many MW.

Subsequently, in response to OPC Interrogatory No. 124 filed on June 24, 2013, the Company indicated that Calpine recently committed to 249 MW for calendar year 2014. Thus, the agreement has apparently been extended with the annual load commitment declining from 526 MW to 249 MW.

Q. DID THE COMPANY'S FILING ENVISION UPDATING THE OTHER ELECTRIC REVENUES?

A. Yes. Mr. Chronister states at page 47 of his testimony that "[i]f Calpine or Auburndale extend or partially extend their agreements, the company will calculate the appropriate amount of associated revenues and appropriately pro forma adjust them back to revenues."

Q. DO YOU RECOMMEND THAT TEST YEAR OTHER ELECTRIC REVENUES BE ADJUSTED TO REFLECT THE REVENUES THAT WILL BE RECEIVED FROM CALPINE DURING THE TEST YEAR UNDER THE NEW AGREEMENT?

A. Yes. While the Company provided the new Calpine commitment amount of 249 MW in response to OPC Interrogatory No. 124, it did not provide the amount of test year revenues that result from the new commitment. Based on the statement in Mr. Chronister's testimony, I assume that Tampa Electric will provide the updated information reflecting the revenues. Since that information has not yet been provided by Tampa Electric, Exhibit DMR-2, Schedule C-2 estimates the revenue that would result from the new Calpine Transmission Service Agreement ("TSA") as $4,509,267. As indicated above, included in the unadjusted test year was $3,969,000 in Calpine transmission revenues on a jurisdictional basis for a 526 MW commitment for five months (January – May 2013). These amounts were then used to estimate the revenues for a twelve-month period based on a 249 MW commitment on Exhibit DMR-2, Schedule C-2. Since Tampa Electric's MFR Schedule C-2, page 3 and MFR Schedule C-5 identify the Calpine contract revenues as being jurisdictional amounts, I applied a jurisdictional separation factor of 1.000 to the resulting adjustment on Exhibit DMR-2, Schedule C-1. It is not clear why these amounts are reflected by the Company as jurisdictional revenues in its filing; however, I have reflected the amount provided as jurisdictional at this time, consistent with how it is presented in Tampa Electric's filing.

The estimated revenues of $4,509,267 assume that the 249 MW commitment is in place for the entire 2014 test year. However, Mr. Chronister's testimony indicated at page 47 that the 526 MW TSA is set to expire at the end of May 2014. It is not clear from the information provided by Tampa Electric if the original commitment for 526 MW remains in place through May 2014. If that is the case, then I recommend that the additional transmission revenues for the first five months of the test year that exceed the amount to be incorporated in base rates (i.e., the difference between the revenues from the 526 MW commitment compared to the new 249 MW commitment) be credited to the fuel clause and spread out over a 12-month period, similar to Mr. Chronister's recommendation.

Q. IS THERE A COMPELLING REASON FOR INCLUDING THE KNOWN TRANSMISSION REVENUES IN BASE RATES AS OPPOSED TO TRANSFERING THEM AS A CREDIT TO THE FUEL CLAUSE?

A. Yes. The transmission revenues impact the jurisdictional separation factors. Thus, they should be included in calculating the jurisdictional separation factors in this case. This is discussed in further detail later in this testimony.

<u>Other Operating Revenues – Auburndale Wheeling Revenue</u>

Q. YOU PREVIOUSLY INDICATED THAT TAMPA ELECTRIC COMPANY REDUCED THE JURISDICTIONAL TEST YEAR OTHER ELECTRIC

REVENUES BY $3,540,000 TO REMOVE "AUBURNDALE WHEELING REVENUE." WHY WAS THIS ADJUSTMENT MADE BY TAMPA ELECTRIC?

A. According to Mr. Chronister at page 47 of his direct testimony, the wheeling revenues associated with the Auburndale PPA with Progress Energy Florida were removed from the test year because "Auburndale was recently sold to Quantum Energy and the contract is not expected to be renewed when it expires at the end of 2013." The response to OPC Interrogatory No. 64 indicates that the grandfathered TSA with Auburndale Power Partners (the transmission customer of record) to deliver the Auburndale Purchase Power to the border of Duke Energy Florida (previously Progress Energy Florida) may terminate sooner than August 4, 2024 should the Duke Energy Florida PPA terminate. The response also indicates that Auburndale Power Partners told Tampa Electric, through discussions, that it has been told that Duke Energy Florida intends to terminate the PPA at the end of 2013 and that it does not desire to extend the contract past December 31, 2013. The subsequent response to OPC Interrogatory No. 124 indicates that, as of the date of the response (June 24, 2013), there is no change to the Auburndale commitment and there is no indication from Auburndale Power Partners that this will change.

Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO PLACE THE REVENUES BACK INTO THE TEST YEAR?

A. No, not at this time. However, Mr. Chronister indicated at page 47 of his direct testimony that if Auburndale extends or partially extends their agreement "…the company will calculate the appropriate amount of associated revenues and appropriately pro forma adjust them back to revenues." Thus, if circumstances change and Tampa Electric is informed that either the grandfathered TSA is being extended or rolled over into an Open Access Transmission Tariff ("OATT") point-to-point TSA, then the resulting revenues should be adjusted into the test year. On Exhibit DMR-2, Schedule C-1, page 2 of 2, I have included a line for the Auburndale transmission agreement revenues with the amount shown as "unknown" at this time. The impact of such change, if it occurs, should also be reflected in the calculation of the jurisdictional separation factors in this case.

Jurisdictional Separation Factors

Q. HAVE THE ADJUSTMENTS MADE BY THE COMPANY TO REMOVE THE TRANSMISSION SERVICE AGREEMENTS IMPACTED THE JURISDICTIONAL SEPARATION FACTORS?

A. Yes. For example, the jurisdictional separation factor for transmission operating expense has gone from 82.2945% in the 2012 test period to 98.585% in the 2014 test year. Additionally, the jurisdictional separation factor for transmission plant has gone from 81.2936% in the 2012 historic test period to 98.4887% in the 2014 test year. This shifts more costs associated with the transmission plant and operations onto retail customers. The response to OPC Interrogatory No. 54 indicates that the adjustments made to remove the load effects of the Auburndale Power Partners and the Calpine TSA have caused the large increase in the transmission jurisdictional separation factors.

In fact, the direct testimony of Tampa Electric witness William Ashburn at pages 17 and 18 indicates that the load effects of the Auburndale Power Partners and Calpine TSA have been removed from the jurisdictional separation study for the 2014 test year and that the removal ". . . best reflects the appropriate jurisdictional separation effects on retail revenue requirement measurement for the test year and going forward." Mr. Ashburn's testimony also indicates that each of these transmission customers has the option to request rollover of the existing contracts before they end and that if such a request is made and either the existing contract is extended or a new contract is created during the pendency of the case, ". . . Tampa Electric is prepared to reflect that change, for whatever portion of their existing contracted capacity that they secure for extension, in revised transmission separation factors."

Q. HAS EITHER OF THE CONTRACTS BEEN EXTENDED OR REVISED?

A. Yes. As previously mentioned, Calpine recently committed to a 249 MW TSA for calendar year 2014.

Q. HAS TAMPA ELECTRIC PROVIDED THE IMPACT OF THE NEW CALPINE COMMITMENT ON THE JURISDICTIONAL SEPARATION FACTORS CONTAINED IN ITS FILING?

A. Yes, in part. In response to OPC Interrogatory No. 124, the Company provided the jurisdictional allocation factors under three scenarios. The first scenario was based on the original filing amount with all load responsibility removed for Calpine and Auburndale Power Partners. The second scenario reflected the removal of the pro forma adjustments and the inclusion of the 526 MW load responsibility for Calpine included for January through May 2014, as well as the inclusion of the 132 MW load responsibility for Auburndale Power Partners for the full test year. The third scenario provided updated information based on Tampa Electric's most recent forecast, which included Calpine's monthly load responsibility of 249 MW for the entire year and no load responsibility for Auburndale Power Partners. The factors under each scenario were provided by broad categories (i.e., operations and maintenance ("O&M") expense, depreciation expense, taxes other than income, income tax, other expenses, plant in service, Plant Held for

Future Use ("PHFFU"), working capital, construction work in progress ("CWIP"), fuel inventory and depreciation reserve) instead of by FERC account. While the new factors were provided under the updated forecast, the impact on the filing and on the revenue requirement contained in the filing was not provided.

Q. HAVE YOU ESTIMATED THE IMPACT OF THE MOST RECENT FORECAST OF JURISDICTIONAL SEPARATION FACTORS PROVIDED BY TAMPA ELECTRIC COMPANY ON THE FILING?

A. Yes. Since the most recent forecast of the jurisdictional separation factors was provided by broad category in Tampa Electric's response to OPC Interrogatory No. 124 instead of by FERC account, I have calculated the estimated impact of the revised factors by rate base and net operating income categories on OPC's recommended adjusted test year rate base on Exhibit DMR-2, Schedule B-1 and on OPC's recommended adjusted test year net operating income on Exhibit DMR-2, Schedule C-1. As shown on each of these pages, the revised jurisdictional amounts were determined by dividing OPC's adjusted jurisdictional balance for each item (which used the jurisdictional allocation factors applied by Tampa Electric in its filing) by the jurisdictional separation factor contained in the original filing, and then multiplying the resulting balance by the revised jurisdictional separation factor provided by Tampa Electric.

For example, the response to OPC Interrogatory No. 124 shows that the original 2014 jurisdictional separation study used in the filing included a retail factor of 98.7455% applied to PHFFU, and the retail factor for PHFFU based on the inclusion of Calpine's revised committed capacity is 93.7949%. The amount of jurisdictional PHFFU contained in Tampa Electric's filing, which was not adjusted by OPC, was $35,409,000. This is shown on Exhibit DMR-2, page 3 (Schedule B-1). Under the revised jurisdictional separation factor, the amount of jurisdiction PHFFU would be $33,634,000, or $1,775,000 less than the amount in Tampa Electric's filing. The revised amount is calculated as: $35,409,000 / 98.7445% retail jurisdictional factor in the original filing x 93.7949% updated retail jurisdictional factor ($35,409,000 / 98.7445% x 93.7949% = $33,634,000).

Additionally, on Exhibit DMR-2, Schedule A-1, I present two separate columns for OPC's recommended revenue requirements. Column B of Schedule A-1 is based on the jurisdictional separation factors contained in the Company's filing. Column C of Schedule A-1 is based on the estimated amounts that would result from the application of the updated forecast of the jurisdictional separation factors. Thus, OPC's recommended revenue requirement is presented based on the original jurisdictional separation factors contained in Tampa Electric's filing and as estimated based on the revised jurisdictional separation factors that incorporate the new Calpine commitment.

<u>Industrial Revenues</u>

Q. ARE YOU RECOMMENDING ANY ADJUSTMENTS TO THE AMOUNT OF REVENUES FROM SALES IN THE 2014 TEST YEAR?

A. Yes. According to Tampa Electric's response to OPC Interrogatory No. 62, there was stronger customer growth in the General Services rate class in 2012 than expected. The response to OPC Interrogatory No. 121 indicates that the impact of the higher level of GS customers is estimated to be approximately $35,000 per year. I have reflected the projected $35,000 increase in revenues on Exhibit DMR-2, Schedule C-1.

Outside Services – Pole Attachment Litigation Expense

Q. DO YOU RECOMMEND ANY ADJUSTMENTS TO THE PROJECTED TEST YEAR OUTSIDE SERVICES EXPENSE?

A. Yes. Company MFR Schedule C-16, revised on May 17, 2013, shows that the Company has projected a significant increase in outside profession services expenses for the test year in the legal area. The schedules shows actual 2012 outside services legal expenses recorded in various O&M expense accounts as $1,861,000 and a projected test year expense of $4,116,000. The response to OPC Interrogatory No. 119 indicates that the Company budgeted a $2,255,000 increase in legal costs between 2012 and 2014. Of the $2,255,000 increase, $733,333 is for the amortization of rate case legal expense, $520,000 for incremental Energy Delivery costs associated with pending litigation with Verizon regarding pole attachment charges, and $560,000 associated with long-term fuel commodity and fuel transportation contracts that are expiring. Once the rate case legal costs of $733,333 are removed, the increase in the test year is $1,521,667 or 82% above the 2012 actual level. I recommend that the $520,000 included in projected test year expenses for the pending litigation with Verizon regarding pole attachment charges be removed. The removal is shown on Exhibit DMR-2, Schedule C-1, page 2.

Q. WHY DO YOU RECOMMEND THAT THE AMOUNT INCLUDED IN THE TEST YEAR FOR PENDING LITIGATION WITH VERIZON BE REMOVED?

A. First, the charges are not likely to be recurring in nature. Thus, I recommend they be excluded from the test year used to set future rates in this case. No evidence has been provided to demonstrate that the significant increase in the test year is reflective of a normal, on-going level of outside services legal expenses. Second, presumably the litigation may result in additional revenues being recovered by Tampa Electric and, to the best of my knowledge, the potential additional revenues have not been included in the test year. Thus, the costs of the pending litigation are not matched with the benefits of the litigation. While the Company's response to OPC Interrogatory No. 119 provided no information regarding the pending litigation beyond the statement that the $520,000 consists of ". . . incremental Energy Delivery costs associated with pending litigation with Verizon regarding pole attachment charges, . . .", I do note that an October 26, 2012 article in The Tampa Tribune indicates that Tampa Electric filed suit against Verizon in circuit court in October 2012 regarding pole attachments, and that Tampa Electric is seeking $4.2 million in damages.

TECO Energy, Inc. Charges to Tampa Electric

Q. WHAT SERVICES ARE PROVIDED TO THE COMPANY FROM TECO ENERGY, INC.?

A. According to MFR Schedule C-30 and Tampa Electric's response to Staff Interrogatory No. 38, TECO Energy, Inc. ("TECO Energy") provides the following services to Tampa Electric: Management Services, Legal and Governmental Affairs, State and Community Relations, Finance, Business Strategy and Compliance, Human Resources & Benefits, and General Corporate Responsibility. These costs are incurred at the TECO Energy level and are then directly charged and allocated to Tampa Electric and other affiliates.

Q. HOW MUCH HAS TAMPA ELECTRIC INCLUDED IN THE PROJECTED TEST YEAR ENDING ON DECEMBER 31, 2014 FOR THE SERVICES FROM TECO ENERGY?

A. In its filing, Tampa Electric projected that the charges from TECO Energy would be $28,196,000 in the test year. In response to Staff Interrogatory No. 38, Tampa Electric provided a breakdown of the $28,196,000 as follows: Management Services of $2,678,840; Legal and Governmental Affairs of $3,365,797; State and Community Relations of $108,690; Finance of $6,935,586; Business Strategy and Compliance of $3,023,575; Human Resources & Benefits of $9,393,827; and General Corporate Responsibility of $2,690,062. Of the $28,196,000, $8,549,000 is for labor costs and $19,647,000 is for non-labor costs. Based on the response to OPC Interrogatory No. 125, $27,754,000 of TECO Energy's $28,196,000 in projected charges is reflected in FERC Account 930 – Miscellaneous General Expenses in Tampa Electric's filing.

Q. IS THE PROJECTED LEVEL OF COSTS CHARGED TO TAMPA ELECTRIC FROM TECO ENERGY DURING THE TEST YEAR CONSISTENT WITH THE LEVEL HISTORICALLY CHARGED TO TAMPA ELECTRIC?

A. No. The level of expenses projected to be charged from TECO Energy is substantially higher in the projected test year than the actual amounts historically charged to Tampa Electric. The amount of charges from TECO Energy to Tampa Electric that were booked to expense in each year were $22,733,000 in 2008, $23,111,000 in 2009, $22,304,000 in 2010, $21,895,000 in 2011, and $24,148,000 in 2012. The amount of charges from TECO Energy that is included in Tampa Electric's projected test year expenses of $28,196,000 is 16.8% higher than the actual amount booked in 2012 and 28.8% higher than the amount booked in 2011.

Q. WHAT FACTORS ARE CAUSING THIS SIGNIFICANT PROJECTED INCREASE IN COSTS CHARGED FROM TECO ENERGY IN THE TEST YEAR?

A. In explaining the various causes of the projected increase in the amount of expense recorded in Account 930 – Miscellaneous General Expenses between 2012 and the 2014 test year, in response to OPC Interrogatory No. 50(c), Tampa Electric indicated that $4.0 million of the increase in the account was due to higher allocations from TECO Energy due to a higher allocation percentage to Tampa Electric and salary increases. TECO Energy assumed a three percent increase in salaries, which amounted to approximately $300,000 in additional salary expense allocated to Tampa Electric. (Response to OPC Interrogatory No. 126) Thus, most of the increased charges from TECO Energy to Tampa Electric that are reflected in the 2014 test year result from the application of a higher allocation percentage of TECO Energy costs going to Tampa Electric.

Q. HAS THE COMPANY EXPLAINED WHY THE PERCENTAGE OF TECO ENERGY COSTS BEING CHARGED TO TAMPA ELECTRIC WAS PROJECTED TO INCREASE?

A. Yes. In response to OPC Interrogatory No. 126(d), Tampa Electric provided the following explanation:

> The allocation percentage to Tampa Electric is projected to increase in 2014 due to the sale of TECO Guatemala in late 2012 (TECO Guatemala is no longer receiving a portion of the allocation), as well as a decrease in the allocation to the other affiliates, caused by lower projected revenue, net income and operating assets in 2014, which is the basis for the allocation rates. The allocation rates are calculated based on each subsidiary's relative share of total revenue, net income and operating assets, therefore, a change in other subsidiaries' inputs, could impact the allocation received by Tampa Electric.

In response to OPC POD No. 86, the Company provided workpapers showing how the allocation factors used for charging costs from TECO Energy to Tampa Electric were derived for each year, from 2009 through March 2013. A confidential document also provided with the response contained the calculation of the projected allocation factor for the 2014 test year that was used in projecting the amounts contained in Tampa Electric's 2014 Business Plan that would presumably be the factors used in preparing Tampa Electric's filing.

The allocation factors are based on a three-factor approach based on each subsidiary's share of total assets, total unconsolidated revenues, and operating income. Each of the three factors are weighted equally in determining the blended allocation factor that is applied to the TECO Energy costs that are allocated to the subsidiaries, including Tampa Electric. The allocation factor for TECO Guatemala was 5.42% based on the twelve months ended November 30, 2009; 7.11% based on the twelve months ended November 30, 2010; 4.49% based on the twelve months ended November 30, 2011; and 5.21% based on the twelve months ended September 30, 2012. (Response to OPC POD No. 86 – non-redacted portion). Tampa Electric indicated that the disposition of one or more affiliated subsidiaries would not necessarily result in a proportionate decrease in overhead, corporate-level type costs. Thus, the removal of TECO Guatemala from the calculation of the allocation factors resulted in a higher percentage and amount of TECO Energy costs being shifted to Tampa Electric in the projected test year. According to the response to OPC Interrogatory No. 126(d), other assumptions made in determining the 2014 allocation factors with regards to the budgeted revenue, net income and operating assets of Tampa Electric and the remaining subsidiaries also caused additional charges to shift to Tampa Electric from other subsidiaries in the test year projections.

Q. HAVE ANY EVENTS OCCURRED SINCE THE TIME TAMPA ELECTRIC FILED ITS CASE THAT WOULD IMPACT THE PROJECTED TEST YEAR CHARGES FROM TECO ENERGY?

A. Yes. On May 28, 2013, TECO Energy announced an agreement to acquire New Mexico Gas Company for an aggregate value of $950 million, including the assumption of $200 million of New Mexico Gas Company debt. Based on a May 28, 2013 press release from TECO Energy, the transaction is expected to close in the first quarter of 2014, or early in the test year. Thus, while TECO Energy has recently sold the TECO Guatemala operations, it plans to acquire New Mexico Gas Company ("NMGC"). This will impact the allocation of TECO Energy costs to Tampa Electric.

Q. HAS THE COMPANY PROVIDED THE PROJECTED IMPACT OF THE ACQUISITION OF NEW MEXICO GAS COMPANY ON CHARGES TO TAMPA ELECTRIC FROM TECO ENERGY?

A. Yes. In response to OPC Interrogatory No. 131, Tampa Electric indicated that: "Assuming current revenue, income and asset levels of existing companies including NMGC and using the company's standard allocation process i.e., the modified Massachusetts methodology, as well as 2014 budgeted parent costs, it is estimated that the 2014 TECO Energy allocation to Tampa Electric would be reduced by approximately $2.1 million if closing were to occur in March 2014." The response to OPC Interrogatory No. 138, stated in part: "Assuming current revenue, income, asset levels, and existing parent costs, the projected cost allocation reduction to Tampa Electric for 2015 through 2016 is estimated to be approximately $2.9 million annually." While OPC did ask for all assumptions used in deriving the estimated impacts as well as the amounts assumed for the NMGC operations in calculating the 2014 TECO Energy allocation factors in Interrogatories Nos. 131 and 136, the assumptions and amounts used in estimating the impacts were not provided.

Q. SHOULD THE AMOUNT OF EXPENSE INCLUDED IN THE TEST YEAR FOR CHARGES FROM TECO ENERGY BE REDUCED?

A. Yes. As indicated previously in this testimony, the amount of expense included in the test year for charges from TECO Energy increased significantly when compared to historic levels as a result of revisions made to the projected allocation factors resulting from of the sale of TECO Guatemala and other projected revisions to the allocation factor calculation. At a minimum, I recommend that test year expenses be reduced by $2,900,000 to reflect the projected annual impact of the NMGC acquisition that was provided by Tampa Electric. Since Tampa Electric did not provide the assumptions used in revising the projected 2014 cost allocation factors, the $2.9 million annual impact provided in response to OPC Interrogatory No. 138 is the best information that has been made available to date to estimate the impact on Tampa Electric's test year expenses. My recommended $2.9 million reduction to test year expenses is reflected in Exhibit DMR-2, Schedule C-1.

Q. WHY DO YOU RECOMMEND TEST YEAR EXPENSES BE REDUCED BY THE PROJECTED ANNUAL IMPACT OF THE NMGC ACQUISITION INSTEAD OF THE 2014 TEST YEAR IMPACT PROVIDED BY TAMPA ELECTRIC?

A. There are several reasons that the annual impact should be reflected instead of the projected impact for the twelve months ended December 31, 2014 (i.e., the test year). The press release announcing the NMGC acquisition indicates that it is expected to close in the first quarter of 2014. The acquisition will continue to impact charges from TECO Energy for the foreseeable future after the acquisition is completed. It is also likely that the new distribution base rates that will become effective as a result of this case will stay in place beyond the test year ended December 31, 2014.

Additionally, reflecting the annual level of impact of the NMGC acquisition on the cost allocations to Tampa Electric from TECO Energy will help to offset the increase in charges to Tampa Electric that resulted from TECO Energy's choice to sell the TECO Guatemala operations. Prior to the sale of the TECO Guatemala operations, based on the twelve-month period ended September 30, 2012, the allocation percentage to Tampa Electric was 68.00%. (Response to OPC POD No. 86 – non-redacted portion). After the sale of the TECO Guatemala operations, the allocation percentage to Tampa Electric increased to 72.3%. (Response to OPC POD No. 86 – non-redacted portion and Staff No. 40).

Q. YOU PREVIOUSLY INDICATED THAT OTHER ASSUMPTIONS MADE IN DETERMINING THE 2014 ALLOCATION FACTORS WITH REGARDS TO THE BUDGETED REVENUE, NET INCOME AND OPERATING ASSETS OF TAMPA ELECTRIC AND THE REMAINING SUBSIDIARIES ALSO CAUSED ADDITIONAL CHARGES TO SHIFT TO TAMPA ELECTRIC FROM OTHER SUBSIDIARIES IN THE TEST YEAR PROJECTIONS. WOULD YOU PLEASE ELABORATE?

A. Yes. In response to OPC Interrogatory No. 126(d), the Company indicated that the allocation percentage to Tampa Electric was also projected to increase in 2014 as a result of a decrease in the allocation to the other affiliates caused by a change in the other subsidiaries' projected revenue, net income and operating assets. Many factors would go into estimating the 2014 revenues, net income and operating assets of Tampa Electric and of each of the remaining subsidiaries that are allocated costs from TECO Energy. As of April 2013, which is post-TECO Guatemala sale, Tampa Electric's percentage of the TECO Energy allocable costs was 72.30%, while the percentage to People's Gas was

13.57%, TECO Coal was 13.39% and TECO Pipeline was 0.74%. These amounts were based on the revenues and net operating income for each of these entities for the twelve months ended March 2013 and the operating assets of each entity as of March 31, 2013. (Response to Staff Interrogatory No. 40).

****BEGIN CONFIDENTIAL****

[redacted]

[redacted]

****END CONFIDENTIAL****

Q. DO YOU RECOMMEND AN ADDITIONAL REDUCTION TO THE PROJECTED EXPENSES ALLOCATED FROM TECO ENERGY TO TAMPA ELECTRIC IN THE TEST YEAR?

A. Yes. As previously indicated in this testimony, I recommend that test year expenses charged from TECO Energy to Tampa Electric be reduced by $2.9 million. OPC witness Schultz recommends in his testimony that $1,836,882 of incentive compensation costs and $4,638,481 of stock compensation expenses charged to Tampa Electric from TECO Energy in the test year be removed. Additionally, in MFR Schedule C-2, Tampa Electric removed $219,000 of allocated expenses from the test year associated with Stockholder Relations. As shown on Exhibit DMR-2, Schedule C-3, after each of these adjustments, $18,601,637 of expense from TECO Energy remains in the test year. I recommend that the projected TECO Energy expenses remaining in the test year after each of the above identified adjustments be reduced by an additional $378,082 to remove the shifting of costs from other current subsidiaries of TECO Energy to Tampa Electric in the test year. There are too many uncertainties regarding the balance of revenues, net income and operating assets of Tampa Electric and of each of the subsidiaries that are allocated costs from TECO Energy that will occur during the 2014 test year and the additional shifting of costs to Tampa Electric from the remaining subsidiaries has not been supported.

Uncollectible Expense

Q. WHAT AMOUNT HAS TAMPA ELECTRIC INCLUDED IN THE TEST YEAR FOR UNCOLLECTIBLE EXPENSE AND HOW WAS THAT AMOUNT DETERMINED?

A. Tampa Electric's 2014 test year expenses include $3,623,000 for uncollectible expense. As shown on MFR Schedule C-4, page 3 of 10 and MFR Schedule C-11, the $3,623,000 projected expense results in a bad debt rate incorporated in the filing of 0.185%. In describing how the amount of test year uncollectible expense included in the filing was determined, in its response to OPC Interrogatory No. 66, Tampa Electric indicated as follows:

> For 2013 and 2014 budget purposes, net write-offs are not broken down between gross write-offs and recoveries. Tampa Electric bases budget calculations first on previous year month-over-month write-off-to-revenue percentages against projected revenues for the budget year. The assumption is that recent write-off-to-revenue performance already reflects some changes to the economic outlook and the revenue forecast reflects best thinking on weather and the economy going forward.
>
> The company has always calculated bad debt expense using the metric of net write-offs as a percentage of total revenues. Trends on performance versus historical data are primarily looked at using net write-offs rather than gross. As a result, Tampa Electric does not have a breakdown of gross write-offs and recoveries for the 2013 projected year and the 2014 test year.

The response did not include further details regarding the projection of the test year bad debt expense.

Q. HOW DOES THE PROJECTED TEST YEAR UNCOLLECTIBLE EXPENSE AND BAD DEBT RATE COMPARE TO HISTORIC AMOUNTS?

A. Tampa Electric's MFR Schedule C-6, page 4, shows that the amount of expense included in Account 904 – Uncollectible Accounts – Customer Accounts Expense was $2,609,000 in 2011 and $2,321,000 in 2012. The amount budgeted in each of those years was $6,465,000 and $6,104,000, respectively. Thus, the amount of uncollectible expense recorded by Tampa Electric in both 2011 and 2012 was significantly less than budgeted. The amounts recorded in 2011 and 2012 were also much lower than the $3,623,000 budgeted in the test year. In fact, the budgeted test year expense is 56% higher than the amount recorded in 2012.

MFR Schedule C-6, page 4, does show that the amount of uncollectible expense recorded in prior years, specifically from 2008 through 2010, was significantly higher than the amounts recorded by Tampa Electric in 2011 and 2012.

Q. HAVE YOU SEEN ANY INFORMATION THAT WOULD SHED LIGHT ON THE CAUSE OF THE SIGNIFICANT REDUCTION IN UNCOLLECTIBLE EXPENSE THAT HAS OCCURRED IN RECENT YEARS?

A. Yes. In addressing 2013 year to date variances in the accumulated provision for uncollectible accounts, the response to OPC Interrogatory No. 41, at page 8, indicates: "The budgeted write-off percentage used to calculate additions to the reserve is higher than the actual write-off percentage that has steadily decreased over time due to the implementation of DebtNext. The budgeted write-off percentage is based off historical trends." Thus, based on the response, Tampa Electric has implemented DebtNext, which has "steadily decreased" the percentage of write-offs it has realized. DebtNext software is used by companies to manage the collection processes and to facilitate various collections reporting.

Additionally, in explaining the actual and projected increases in the Energy Delivery Area for Customer Service – Customer Records & Collection expenses, the response to OPC Interrogatory No. 103, at page 13, indicates that "Beginning late in 2011, the company has focused more efforts on credit-related disconnect/reconnect work endeavoring to reduce its cost of bad debt." These endeavors to reduce the cost of bad debt apparently also positively impacted the level of uncollectible expense.

Q. ARE YOU RECOMMENDING ANY REVISIONS TO THE PROJECTED TEST YEAR UNCOLLECTIBLE EXPENSE?

A. Yes. Despite the economic conditions over the past several years, Tampa Electric has been able to reduce its uncollectible expense, in great part due to its implementation of DebtNext and its increased focus on credit-related disconnect/reconnect work. Further, considering the substantial reductions in uncollectible expense that occurred in 2011 and 2012, coupled with the significant amount by which Tampa Electric's actual uncollectible expenses were below the budgeted amount in both 2011 and 2012 and the significant projected increase in the projected test year expense, I recommend that the projected test year uncollectible expense be reduced by $1,228,000 to $2,395,000.

Q. HOW WAS YOUR RECOMMENDED ADJUSTMENT DETERMINED?

A. As shown on Exhibit DMR-2, Schedule C-4, I first calculated the actual 2012 percentage of net write-offs realized by Tampa Electric to the 2012 Gross Revenues from Sales of Electricity, which resulted in a net write-off to revenues percentage of 0.122%. I then applied the 0.122% percentage of net write-offs to revenues (or the bad debt factor) to the 2014 test year gross revenues from sales of electricity contained in Tampa Electric's filing in determining the adjusted test year uncollectible expense of $2,395,000. This is

$1,228,000 less than the test year uncollectible expense incorporated in Tampa Electric's filing. I also recommend that the resulting bad debt factor of 0.122% be used in determining the revenue expansion factor discussed previously in this testimony.

Q. WHY ARE YOU RECOMMENDING THAT THE BAD DEBT RATE AND THE RESULTING UNCOLLECTIBLE EXPENSE BE BASED ON THE 2012 PERCENTAGE OF NET WRITE-OFFS TO REVENUES INSTEAD OF A BAD DEBT RATE BASED ON A HISTORIC AVERAGE?

A. Since the amount of uncollectible expense and the associated ratio of net write-offs to revenues often varies from year to year, in many situations I would recommend that the projected expense be based on a historic average ratio of net write-offs to revenues. However, if changes have been implemented by a utility that significantly impact the level of uncollectible expense, then an approach that differs from the use of a historic average may be appropriate and more reasonable. This is true for Tampa Electric. As indicated previously, the amount of uncollectible expense has declined substantially for Tampa Electric in 2011 and 2012 when compared to the amounts recorded in 2008 through 2010. The amount of uncollectible expense was also substantially lower than budgeted in both 2011 and 2012. Tampa Electric has also indicated that it implemented DebtNext, which has impacted the actual write-off percentage and continues to impact the level of write-offs, as well as taken other actions to reduce the amount of bad debt. Thus, based on the current facts and circumstances for Tampa Electric, I recommend that the test year uncollectible expense and test year bad debt rate be based on the actual 2012 ratio of net write-offs to revenues.

Income Tax Expense

Q. HAVE YOU ADJUSTED INCOME TAX EXPENSE TO REFLECT THE IMPACT OF THE ADJUSTMENTS SPONSORED BY CITIZENS' WITNESSES TO NET OPERATING INCOME?

A. Yes. On Exhibit DMR-2, Schedule C-5, I calculate the impact of federal and state income tax expenses resulting from the recommended adjustments to operating expenses. The result is carried forward to the Net Operating Income Summary on Exhibit DMR-2, Schedule C-1.

Interest Synchronization

Q. WHAT IS THE PURPOSE OF YOUR INTEREST SYNCHRONIZATION ADJUSTMENT ON EXHIBIT DMR-2, SCHEDULE C-6?

A. The interest synchronization adjustment allows the adjusted rate base and cost of debt to coincide with the income tax calculation. Since interest expense is deductible for income tax purposes, any revisions to the rate base or to the weighted cost of debt will impact the test year income tax expense. OPC's proposed rate base and weighted cost of debt differ from the Company's proposed amounts. Thus, OPC's recommended interest deduction for determining the 2014 test year income tax expense will differ from the interest deduction used by Tampa Electric in its filing. Consequently, OPC's recommended debt ratio increase in this case will lead to a greater interest deduction in the income tax calculation, which will in turn result in a reduction to income tax expense.

OVERALL FINANCIAL SUMMARY – ALTERNATIVE RECOMMENDATION

Q. HAVE YOU CALCULATED AN ALTERNATIVE REVENUE REQUIREMENT IN THE EVENT THE COMMISSION ADOPTS THE DEBT-TO-EQUITY RATIO IN THE CAPITAL STRUCTURE REQUESTED BY TAMPA ELECTRIC?

A. Yes. Exhibit DMR-3, totaling four pages, shows the revisions that need to be made to OPC's primary recommendation presented in Exhibit DMR-2 if the Commission adopts the 2013 test year debt-to-equity ratio used by Tampa Electric for its requested overall rate of return. As shown on page 1 of Exhibit DMR-3, if the Commission adopts Tampa Electric's proposed debt-to-equity ratio, the revenue requirements would result in an increase of $183,000 to Tampa Electric's current base rates.

Q. WHAT IS THE REVISED RATE OF RETURN RECOMMENDED BY OPC UNDER THIS ALTERNATIVE SCENARIO?

A. The overall rate of return would increase from OPC's primary recommendation in this case from 5.66% to 5.67%. Under the alternative scenario, the calculation of OPC's recommended rate of return, as well as the resulting reconciliation of OPC's recommended rate base to the capital structure, is presented on Exhibit DMR-3, page 2 of 4.

OPC witness Woolridge testifies that if the Commission accepts the debt-to-equity ratios presented by Tampa Electric in this case, his original recommended rate of return on equity should be reduced from his primary recommendation of 9.0%, based on OPC's proposed capital structure, to 8.75%. This recommended 8.75% rate of return on equity is included in the calculations presented on Exhibit DMR-3, page 2 of 4.

Q. WHAT ADDITIONAL MODIFICATIONS NEED TO BE MADE TO OPC'S RECOMMENDED REVENUE REQUIREMENT CALCULATIONS UNDER THIS ALTERNATIVE SCENARIO?

A. The weighted cost of debt would change because of Tampa Electric's proposed debt-to-equity ratio. Since OPC has accepted the debt cost rates incorporated in Tampa Electric's capital structure calculations, the weighted cost of debt to be applied to rate base to calculate the tax deductible interest expense would be the same under this scenario. The only difference between Tampa Electric and OPC with regard to the interest synchronization adjustment under this scenario should be because OPC is recommending a lower rate base amount than Tampa Electric. Exhibit DMR-3, page 4 presents the interest synchronization calculation based on OPC's recommended rate base. The result of this calculation is carried forward to page 3 of Exhibit DMR-3 to determine the impact on OPC's recommended net operating income resulting from the modification to the interest synchronization calculation.

Q. DOES THIS COMPLETE YOUR PREFILED TESTIMONY?

A. Yes, it does.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Confidential Direct Testimony of Donna Ramas has been furnished by electronic mail and/or U.S. Mail on this 15th day of July, 2013, to the following:

James D. Beasley
Ausley Law Firm
P.O. Box 391
Tallahassee, FL 32302
Phone: 850-224-9115
FAX: (850) 222-7560

Martha Brown
Martha Barrera
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Gordon L. Gillette, President
Paula K. Brown, Manager
Tampa Electric Company
P. O. Box 111
Tampa, FL 33601-0111

Jon C. Moyle, Jr.
Moyle Law Firm, P.A.
The Perkins House
118 North Gadsden Street
Tallahassee, FL 32301

Robert Scheffel Wright
Gardner, Bist, Wiener, et at., P.A.
Florida Retail Federation
1300 Thomaswood Drive
Tallahassee, FL 32308

Federal Executive Agencies
c/o Lt Col Gregory J. Fike
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Fl 32403

WCF Hospital Utility Alliance
c/o Andrew Kurth LLP
Kenneth L. Wiseman
1350 I Street NW, Suite 1100
Washington, DC 20005

Patricia A. Christensen
Associate Public Counsel

Q. WHAT IS YOUR OCCUPATION?

A. I am a certified public accountant, licensed in the State of Michigan, and a senior regulatory consultant and Principal of the firm Ramas Regulatory Consulting, LLC, located in Commerce Township, Michigan.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I graduated with honors from Oakland University in Rochester, Michigan in 1991. From 1991 through October 2012, I was employed by the firm of Larkin & Associates, PLLC. In November 2012, I formed Ramas Regulatory Consulting, LLC. As a certified public accountant and regulatory consultant, I have analyzed utility rate cases and regulatory issues, researched accounting and regulatory developments, prepared computer models and spreadsheets, prepared testimony and schedules and testified in regulatory proceedings. While employed by Larkin & Associates, PLLC, I also developed and conducted five training programs on behalf of the Department of Defense - Navy Rate Intervention Office on measuring the financial capabilities of firms bidding on Navy assets and one training program on calculating the revenue requirement for municipal owned water and wastewater utilities. Additionally, I have served as an instructor at the Michigan State University - Institute of Public Utilities as part of their Annual Regulatory Studies programs and in a Basics of Utility Regulation and Ratemaking course.

I have prepared and submitted expert testimony and/or testified in the following cases, many of which were filed under the name of Donna DeRonne:

Arizona: Ms. Ramas prepared testimony on behalf of the Staff of the Arizona Corporation Commission in the following case before the Arizona Corporation Commission: Southwest Gas Corporation (Docket No. G-01551A-00-0309).

California: Ms. Ramas prepared testimony on behalf of the Division of Ratepayer Advocates of the California Public Utilities Commission in the following cases before the California Public Utilities Commission:

San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.05-08-021), Request for Order Authorizing the Sale by Thames GmbH of up to 100% of the Common Stock of American Water Works Company, Inc., Resulting in Change of Control of California-American Water Company (Application 06-05-025), California Water Services Company (Docket No. 07-07-001*), Golden State Water Company (Docket No. 08-07-010), and Golden State Water Company (Docket No. 11-07-017*), Golden State Water Company – Rehearing (Docket No. 08-07-010*), and California Water Services Company (Docket No. 12-07-007).

Ms. Ramas also prepared testimony on behalf of the Department of Defense in the following cases before the California Public Utilities Commission: San Diego Gas and Electric Company (Docket No. 98-07-006) and Southern California Edison Company and San Diego Gas & Electric Company (Docket No. 05-11-008*).

Additionally, Ms. Ramas prepared testimony on behalf of the City of Fontana in the following rate cases before the California Public Utilities Commission: San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.08-07-009) - Phases 1 and 2; San Gabriel Valley Water Company, Los Angeles Division (Docket No. A.10-07-019*), and San Gabriel Valley Water Company, Fontana Water Division (Docket No. A.11-07-005).

Ms. Ramas also prepared testimony on behalf of The Utilities Reform Network in the following rate case before the California Public Utilities Commission: California American Water Company (Docket No. 10-07-007).

Connecticut: Ms. Ramas has prepared testimony on behalf of the Connecticut Office of Consumers Counsel in the following cases before the State of Connecticut, Department of Public Utility Control:

Connecticut Light & Power Company (Docket No. 92-11-11), Connecticut Natural Gas Corporation (Docket No. 93-02-04), Connecticut Natural Gas Corporation (Docket No. 95-02-07), Southern Connecticut Gas Company (Docket No. 97-12-21), Connecticut Light & Power Company (Docket No. 98-01-02), Southern Connecticut Gas Company (Docket No. 99-04-18 Phase I), Southern Connecticut Gas Company (Docket No. 99-04-18 Phase II), Connecticut Natural Gas Corporation (Docket No. 99-09-03 Phase I), Connecticut Natural Gas Corporation (Docket No. 99-09-03 Phase II), Connecticut Light & Power Company (Docket No. 00-12-01), Yankee Gas Services Company (Docket No. 01-05-19), United Illuminating Company (Docket No. 01-10-10), Connecticut Light & Power Company (Docket No. 03-07-02), Southern

Connecticut Gas Company (Docket No. 03-11-20), Yankee Gas Services Company (Docket No. 04-06-01*), The Southern Connecticut Gas Company (Docket No. 05-03-17PH01), The United Illuminating Company (Docket No. 05-06-04), Connecticut Natural Gas Corporation (Docket No. 06-03-04* Phase I), Yankee Gas Services Company (Docket No. 06-12-02PH01*), Aquarion Water Company of Connecticut (Docket No. 07-05-19), Connecticut Light & Power Company (Docket No. 07-07-01), The United Illuminating Company (Docket No. 08-07-04), Connecticut Light & Power Company (Docket No. 09-12-05), and Yankee Gas Services Company (Docket No. 10-12-02).

Ms. Ramas also assisted the Connecticut Office of Consumer Counsel by conducting cross-examination of utility witnesses in the following cases: Southern Connecticut Gas Company (Docket No. 08-12-07), Connecticut Natural Gas Corporation (Docket No. 08-12-06), UIL Holdings Corporation and Iberdrola USA, Inc. (Docket No. 10-07-09), and Northeast Utilities/NSTAR Merger (Docket No. 12-01-07).

District of Columbia: Ms. Ramas prepared testimony on behalf of the Office of the People's Counsel of the District of Columbia in the following case before the Public Service Commission of the District of Columbia: Washington Gas Light Company (Formal Case No. 1054*), Potomac Electric Power Company (Formal Case No. 1076), Potomac Electric Power Company (Formal Case No. 1087), and Washington Gas Light Company (Formal Case No. 1093).

Florida: Ms. Ramas prepared testimony on behalf of the Florida Office of Public Counsel in the following cases before the Florida Public Service Commission:

Southern States Utilities (Docket No. 950495-WS), United Water Florida (Docket No. 960451-WS), Aloha Utilities, Inc. – Seven Springs Water Division (Docket No. 010503-WU), Florida Power Corporation (Docket No. 000824-EI*), Florida Power & Light Company (Docket No. 001148-EI**), Tampa Electric Company d/b/a Peoples Gas System (Docket No. 020384-GU*), The Woodlands of Lake Placid, L.P. (Docket No. 020010-WS), Utilities, Inc. of Florida (Docket No. 020071-WS), Florida Public Utilities Company (Docket No. 030438-EI*), The Woodlands of Lake Placid, L.P. (Docket No. 030102-WS), Florida Power & Light Company (Docket No. 050045-EI*), Progress Energy Florida, Inc. (Docket No. 050078-EI*), Florida Power & Light Company (Docket No. 060038-EI), Water Management Services, Inc. (Docket No. 100104-WU), Gulf Power Company (Docket No. 110138-EI), and Florida Power & Light Company (Docket No. 120015-EI).

Illinois: Ms. Ramas prepared testimony on behalf of the Illinois Office of the Attorney General, Apple Canyon Lake Property Owners Association and Lake Wildwood Association, Inc. in the following cases before the Illinois Commerce Commission: Apple Canyon Utility Company (Docket No. 12-0603) and Lake Wildwood Utilities Corporation (Docket No. 12-0604).

Louisiana: Ms. Ramas prepared testimony on behalf of various consumers in the following case before the Louisiana Public Service Commission: Atmos Energy Corporation d/b/a Trans Louisiana Gas Company (Docket No. U-27703*).

Massachusetts: Ms. Ramas prepared testimony on behalf of the Massachusetts Attorney General's Office of Ratepayer Advocacy in the following cases before the Massachusetts Department of Public Utilities: New England Gas Company (DPU 10-114), Fitchburg Electric Company (DPU 11-01), Fitchburg Gas Company (DPU 11-02) and NStar/Northeast Utilities Merger (DPU 10-170).

New York: Ms. Ramas prepared testimony on behalf of the New York Consumer Protection Board in the following cases before the New York Public Service Commission:
New York State Electric & Gas Corporation (Case No. 05-E-1222), KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island (Case Nos. 06-G-1185 and 06-G-1186*), Consolidated Edison Company of New York, Inc. (Case No. 06-G-1332*), and Consolidated Edison Company of New York, Inc. (Case No. 07-E-0523).

Nova Scotia: Ms. Ramas prepared testimony on behalf of the Nova Scotia Utility and Review Board – Board Counsel in the following case: Halifax Regional Water Commission (W-HRWC-R-10); Nova Scotia Power Incorporated (NSPI-P-892*); Heritage Gas Limited (NG-HG-R-11*); NPB Load Retention Rate Application – NewPage Port Hawkesbury Corp. and Bowater Mersey Paper Company Ltd. (NSPI-P-202); Nova Scotia Power Incorporated (NSPI-P-893*); and Halifax Regional Water Commission (W-HRWC-R-13).

North Carolina: Ms. Ramas assisted Nucor Steel-Hertford, A Division of Nucor Corporation in the review of an application filed by Dominion North Carolina Power for an Increase in rates (Docket no. E-22, Sub 459**). The case was settled prior to the submittal of intervenor testimony.

Utah: Ms. Ramas prepared testimony on behalf of the Utah Committee of Consumer Services in the following cases before the Public Service Commission of Utah:

PacifiCorp dba Utah Power & Light Company (Docket No. 99-035-10), PacifiCorp dba Utah Power & Light Company (01-035-01*), PacifiCorp dba Utah Power & Light Company (Docket No. 01-035-23 Interim (Oral testimony)), PacifiCorp dba Utah Power & Light Company (Docket No. 01-035-23**), Questar Gas Company (Docket No. 02-057-02*), PacifiCorp (Docket No. 04-035-42*), PacifiCorp (Docket No. 06-035-21*), Rocky Mountain Power (Docket Nos. 07-035-04, 06-035-163 and 07-035-14), Rocky Mountain Power (Docket No. 07-035-93), Questar Gas Company (Docket No. 07-057-13*), Rocky Mountain Power (Docket No. 08-035-93*), Rocky Mountain Power (Docket No. 08-035-38*), Rocky Mountain Power Company (Docket No. 09-035-23), Questar Gas Company (Docket No. 09-057-16**), Rocky Mountain Power Company (Docket No. 10-035-13), Rocky Mountain Power Company (Docket No. 10-035-38), Rocky Mountain Power Company (Docket No. 10-035-89), Rocky Mountain Power Company (Docket No. 10-035-124*), and Rocky Mountain Power Company (Docket No. 11-035-200*).

Vermont: Ms. Ramas prepared testimony on behalf of the Vermont Department of Public Service in the following cases before the Vermont Public Service Board: Citizens Utilities Company – Vermont Electric Division (Docket No. 5859), Central Vermont Public Service Corporation (Docket No. 6460*), and Central Vermont Public Service Corporation (Docket No. 6946 & 6988).

Washington: Ms. Ramas prepared testimony on behalf of the Public Counsel Section of the Washington Attorney General's Office in the following case before the Washington Utilities and Transportation Commission: PacifiCorp (Docket No. UE-090205*).

West Virginia: Ms. Ramas has prepared testimony on behalf of the West Virginia Consumer Advocate Division in the following cases before the Public Service Commission of West Virginia: Monongahela Power Company (Case No. 94-0035-E-42T), Potomac Edison Company (Case No. 94-0027-E-42T), Hope Gas, Inc. (Case No. 95-0003-G-42T*), and Mountaineer Gas Company (Case No. 95-0011-G-42T*).

* Case Settled / ** Testimony not filed/submitted due to settlement

Schedule A-1

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Revenue Requirement
(Thousands of Dollars)

Line No.	Description	Per Company Amount (A)	Per OPC Amount before Juris. Separation Factor Change (B)	Per OPC Amount after Juris. Separation Factor Change (C)	Col. (B) and (C) Reference
1	Jurisdictional Adjusted Rate Base	$ 4,339,973	$ 4,347,514	$ 4,316,004	Exh. DMR-2, Sch. B-1
2	Required Rate of Return	6.74%	5.66%	5.66%	Exh. DMR-2, Sch. D
3	Jurisdictional Income Required	292,514	246,069	244,286	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	209,901	244,796	247,812	Exh. DMR-2, Sch. C-1
5	Income Deficiency (Sufficiency)	82,613	1,273	(3,527)	Line 3 - Line 4
6	Earned Rate of Return	4.84%	5.63%	5.74%	Line 4 / Line 1
7	Net Operating Income Multiplier	1.63220	1.63117	1.63117	Exh. DMR-2, Sch. A-2
8	Revenue Deficiency (Sufficiency)	$ 134,840	$ 2,077	$ (5,752)	Line 5 x Line 7

Source/Notes:
Col. (A): MFR Schedule A-1

Schedule A-2

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Docket No. 130040-EI
OPC Primary Recommendation
Exhibit DMR-2

Revenue Expansion Factor

Line No.	Description	Per Company Amount	Per OPC Amount
		(A)	(B)
1	Revenue Requirement	1.00000	1.00000
2	Gross Receipts Tax Rate	-	-
3	Regulatory Assessment Rate	0.00072	0.00072
4	Bad Debt Rate	0.00185	0.00122
5	Net Income Before Income Taxes	0.99743	0.99806
6	State Income Tax Rate	0.05500	0.05500
7	State Income Tax (line 5 x line 6)	0.05486	0.05489
8	Net Before Federal Income Taxes (line 5 - line 7)	0.94257	0.94317
9	Federal Income Tax Rate	0.35000	0.35000
10	Federal Income Tax (line 8 x line 9)	0.32990	0.33011
11	Revenue expansion factor (line 8 - line 10)	0.61267	0.61306
12	Net Operating Income Multiplier (100% / line 11)	1.63220	1.63117

Source:
Column (A): MFR Schedule C-44
Column (B), line 4: See Exh. DMR-2, Schedule C-4

Schedule B-1, page 1 of 2

Docket No. 130040-EI
OPC Primary Recommendati
Exhibit DMR-2
Page 3 of 12

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Adjusted Rate Base
(Thousands of Dollars)

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company	OPC Adjustments	Adjusted Juris. Total Amount per OPC before Juris. Factor Revision	Jurisdictional Factor per Company Filing	Revised Jurisdictional Separation Factor	Adjusted Juris. Total Amount per OPC after Juris. Factor Revision
		(A)	(B)	(C)	(D)	(E)	(F)
1	Plant in Service	6,506,194	-	6,506,194	99.8427%	99.2220%	6,465,746
2	Accumulated Depreciation & Amortization	(2,436,895)	5,041	(2,431,854)	99.8754%	99.3835%	(2,419,877)
3	Net Plant in Service	4,069,299	5,041	4,074,340			4,045,870
4	Construction Work in Progress	174,146	-	174,146	99.7809%	98.9164%	172,637
5	Plant Held For Future Use	35,409	-	35,409	98.7455%	93.7949%	33,634
6	Nuclear Fuel	-	-	-			
7	Total Net Plant	4,278,855	5,041	4,283,896			4,252,142
8	Working Capital Allowance, Excl. Fuel	(38,920)	2,500	(36,420)	99.8302%	99.1602%	(36,176)
9	Working Capital - Fuel Inventory	100,038	-	100,038	100.0000%	100.0000%	100,038
10	Other Rate Base Items	-	-	-			
11	Total Rate Base	4,339,973	7,541	4,347,514			4,316,004

Source/Notes:
Col. (A): *Company MFR Schedule B-1. Fuel Inventory was separated from Working Capital* Allowance using information in MFR Schedule B-17, page 1 line 12 and page 3 line 8.
Col. (B): See Exhibit DMR-2, Schedule B-1, page 2
Col. (D) and (E): Response to OPC Interrogatory No. 124. Column (E) Based on Calpine's Revised Committed Capacity.
Col. (F): Calculated as: Col. (C) / Col. (D) x Col. (E)

Schedule B-1, page 2 of 2

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Docket No. 130040-EI
OPC Primary Recommenda
Exhibit DMR-2
Page 4 of 12

Adjusted Rate Base-Summary of Adjustments
(Thousands of Dollars)

Line No.	Adjustment Title	Reference (a)	OPC Adjustments	Jurisdictional Separation Factor	Jurisdictional Amount
	Accumulated Depreciation & Amortization Adjustments:				
1	Impact of Reduction to Software Amortization Expense	Pous Testimony	3,099	0.998866	3,095
2	Increase in Software Amortization Reserve	Pous Testimony	1,948	0.998866	1,946
3	*Total Accumulated Depreciation & Amortization*		5,047		5,041
	Working Capital Adjustments				
4	Adjustment to Working Capital - Storm Reserve	Schultz Testimony	2,500	1.000000	2,500
5	*Total Working Capital*		2,500		2,500

Notes:
Jurisdictional Separation Factors from MFR Schedule B-6.

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Adjusted Net Operating Income
(Thousands of Dollars)

Line No.	Description	Adjusted Jurisdictional Total per Company	OPC Adjustments	Adjusted Juris. Total Amount per OPC before Juris. Factor Revision	Jurisdictional Factor per Company Filing	Revised Jurisdictional Separation Factor	Adjusted Juris. Total Amount per OPC after Juris. Factor Revision
		(A)	(B)	(C)	(D)	(E)	(F)
	Operating Revenues:						
1	Revenue From Sales	907,809	35	907,844	100.0000%	100.0000%	907,844
2	Other Operating Revenues	42,854	4,509	47,363			47,363
3	Total Operating Revenues	950,663		955,207			955,207
	Operating Expenses:						
4	Other Operation & Maintenance	354,531	(40,786)	313,745	99.9166%	99.5877%	312,712
5	Fuel & Interchange	9,301		9,301	100.0000%	100.0000%	9,301
6	Purchased Power	-		-			-
7	Deferred Costs	-		-			-
8	Depreciation & Amortization	233,881	(6,190)	227,691	99.8732%	99.3730%	226,551
9	Taxes Other Than Income Taxes	65,789	(430)	65,359	99.8535%	99.2755%	64,981
10	Income Taxes	77,392	17,055	94,447	99.9110%	99.4182%	93,981
11	(Gain)/Loss on Disposal of Plant	(132)		(132)	99.8427%	99.2220%	(131)
12	Total Operating Expenses	740,762		710,411			707,395
13	Net Operating Income	209,901		244,796			247,812

Source/Notes
Col. (A): Company MFR Schedule C-1
Col. (B): Exhibit DMR-2, Schedule C-1, Page 2
Col. (D) and (E): Response to OPC Interrogatory No. 124. Column (E) Based on Calpine's Revised Committed Capacity. Revised Jurisdictional Separation Factors were not provided for Other Operating Revenues.
Col. (F): Calculated as: Col. (C) / Col. (D) x Col. (E)

Schedule C-1, page 2 of 2

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Docket No. 130040-EI
OPC Primary Recommendation
Exhibit DMR-2
Page 6 of 12

Net Operating Income-Summary of Adjustments
(Thousands of Dollars)

Line No.	Adjustment Title	Reference (a)	Total Adjustment	Jurisdictional Separation Factor	Jurisdictional Amount
	Revenue from Sales:				
1	Industrial Customer Sales	Ramas Testimony	$ 35	1.000000	$ 35
	Other Operating Revenues:				
2	Calpine Transmission Service Agreement - Estimate	Exh. DMR-2, Sch. C-2	$ 4,509	1.000000	4,509
3	Auburndale Transmission Service Agreement	Ramas Testimony	Unknown	1.000000	Unknown
4	Subtotal				4,509
	Other O & M :				
5	Outside Services - Pole Attachment Litigation Expense	Ramas Testimony	(520)	0.999168	(520)
6	Reduction to Allocated Expenses - NMGC Acquisition	Ramas Testimony	(2,900)	0.999240	(2,898)
7	Reduction to Allocated Expenses - TECO allocation	Exh. DMR-2, Sch. C-3	(378)	0.999240	(378)
8	Uncollectible Expense	Exh. DMR-2, Sch. C-4	(1,228)	1.000000	(1,228)
9	Payroll Adjustment	Schultz Testimony	(5,706)	0.999321	(5,702)
10	Performance Sharing Program Adjustment	Schultz Testimony	(7,793)	0.999321	(7,788)
11	Stock Compensation Adjustment	Schultz Testimony	(9,722)	0.999321	(9,715)
12	Employee Benefit Expense	Schultz Testimony	(1,680)	0.999256	(1,679)
13	Generation Maintenance Expense	Schultz Testimony	(4,088)	1.000000	(4,088)
14	Rate Case Expense Adjustment	Schultz Testimony	(458)	1.000000	(458)
15	Directors & Officers Liability Insurance	Schultz Testimony	(399)	0.999256	(399)
16	Storm Accrual	Schultz Testimony	(5,000)	1.000000	(5,000)
17	Tree Trimming Expense	Schultz Testimony	(933)	1.000000	(933)
18	subtotal				(40,786)
	Depreciation & Amortization:				
19	Reduction to Software Amortization Expense	Pous Testimony	(6,197)	0.998840	(6,190)
20	subtotal				(6,190)
	Taxes Other Than Income:				
21	Payroll Tax Expense	Schultz Testimony	(431)	0.999149	(430)
22	subtotal				(430)
	Income Taxes:				
23	Impact of other adjustments	Exh. DMR-2, Sch. C-5		Various	20,040
24	Interest Synchronization Adjustment	Exh. DMR-2, Sch. C-6		Various	(2,985)
25	subtotal				17,055

Source/Notes:
Jurisdictional Separation Factors from MFR Schedule C-4
Jurisdictional Separation Factors for Other Operating Revenues from MFR Schedule C-1, page 1

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Calpine Transmission Service Agreement Revenues - Estimate

Line	Description	Amount	Reference
1	Amount of Other Operating Revenues Removed by Tampa Electric for Calpine Transmission Agreement	$ 3,969,000	MFR Schedule C-2, page 3
2	Number of Months Removed by Company (January - May)	5	Chronister Testimony, page 47
3	Annualized Revenue Amount	$ 9,525,600	Line 2 / Line 5 x 12
4	Number of MW in Transmission Agreement Removed by Co.	526	Chronister Testimony, page 47
5	New Calpine Commitment, per Company (MW)	249	OPC Interrogatory No. 124
6	Estimate of Revenues from New Calpine Transmission Service Agreement	$ 4,509,267	Line 3 / Line 4 x Line 5

Schedule C-3

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Docket No. 130040-EI
OPC Primary Recommendation
Exhibit DMR-2
Page 8 of 12

Reduction to Allocated Expenses - Tampa Electric allocation
Contains Confidential Information

Line No.	Description	Amount	Reference
1	Test Year Expenses allocated from TECO Energy, Inc., per Company	28,196,000	Response to OPC Interrogatory 125
2	Less: Reduction to Reflect Charges to New Mexico Gas Company	(2,900,000)	Ramas Testimony
3	Less: Reduction to Remove Allocated Incentive Compensation	(1,836,882)	Schultz Testimony
4	Less: Reduction to Remove Allocated Stock Compensation	(4,638,481)	Schultz Testimony
5	Less: TECO Adjustment to remove Stockholder Relations Expense	(219,000)	MFR Sch. C-2, page 1 of 7
6	Remaining Expenses Allocated from TECO Energy, Inc. in Test Year	18,601,637	
[redacted]			
11	Reduction to Test Year Expenses Allocated from TECO Energy, Inc. to Reflect Current Allocation % Between Current Subsidiaries	(378,082)	Line 10 - Line 6

Schedule C-4

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Uncollectible Expense
(Thousands of Dollars)

Line	Description	Amount	Reference
1	2012 Net Write-Offs, per Company	2,374	Response to OPC Interrogatory 66
2	2012 Gross Revenues from Sales of Electricity, per Company	1,953,721	MFR Sch. C-11
3	2012 Percentage Net Write-offs to Revenues	0.122%	Line 1 / Line 2
4	OPC Recommended Bad Debt Factor	0.122%	Line 3
5	Test Year Gross Revenues from Sales of Electricity, per Company	1,963,396	MFR Sch. C-11
6	Test Year Uncollectible Expense, per OPC	2,395	Line 4 x Line 5
7	Test Year Uncollectible Expense, per Company	3,623	MFR Sch. C-4 p. 3 and C-11
8	Reduction to Test Year Uncollectible Expense	(1,228)	Line 6 - Line 7

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Income Tax Expense - Impact of Other Adjustments
(Thousands of Dollars)

Line No.	Description	Amount
1	OPC Jurisdictional Operating Income Adjustments (1)	$ 51,950
2	Composite Income Tax Rate (2)	38.575%
3	Adjustment to Income Tax Expense	$ 20,040

Source:
(1) Exhibit DMR-2, Schedule C-1, Page 2
(2) Calculated using Florida state income tax rate of 5.50% and Federal income tax rate of 35%

Schedule C-6

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Interest Synchronization Adjustment
(Thousands of Dollars)

Docket No. 130040-EI
OPC Primary Recommendation
Exhibit DMR-2
Page 11 of 12

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per OPC	$ 4,347,514	Exh. DMR-2, Sch. B-1
2	Weighted Cost of Debt, per OPC	2.14%	Exh. DMR-2, Sch. D
3	Interest Deduction for Income Taxes	$ 92,953	Line 1 x Line 2
4	Interest Deduction, per Company	$ 85,215	(a)
5	Increase (Reduction) in Deductible Interest	$ 7,738	
6	Composite Income Tax Rate	38.575%	
7	Reduction (Increase) to Income Tax Expense	$ 2,985	

(a) Calculated as per Company total rate base of $4,339,973 x per Company weighted cost of debt of 1.9635%

Schedule D

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Cost of Capital
(Thousands of Dollars)

		Jurisdictional Capital Structure Per Company	OPC Adjustments to Cap. Struct.	Adjusted Amounts	OPC Rate Base Adjustments	Per Citizens Adjusted Amounts	Ratio	Cost Rate	Per OPC Weighted Cost Rate
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Long Term Debt	1,525,392	139,674	1,665,066	2,893	1,667,959	38.37%	5.40%	2.07%
2	Short Term Debt	24,646	2,257	26,903	47	26,949	0.62%	1.47%	0.01%
3	Preferred Stock	-		-	-	-	0.00%	0.00%	0.00%
4	Common Equity	1,833,899	(141,931)	1,691,969	2,940	1,694,908	38.99%	9.00%	3.51%
5	Customer Deposits	112,864	-	112,864	196	113,060	2.60%	2.20%	0.06%
6	Deferred Taxes	835,173	-	835,173	1,451	836,624	19.24%	0.00%	0.00%
7	Investment Tax Credits	7,999	-	7,999	14	8,013	0.18%	7.17%	0.01%
8	Total	4,339,973	0	4,339,973	7,541	4,347,514	100.00%		5.66%

	Ratio of Debt & Equity Components:	Per TECO Amounts	Effective TECO Ratio	Capitalization Ratio Per OPC^	Revised Allocations	Adjs. To Reflect OPC Cap. Struct.
		(a)	(b)	(c)	(d)	(e) = (d - a)
9	Long Term Debt	1,525,392	45.08%	49.20%	1,665,066	139,674
10	Short Term Debt	24,646	0.73%	0.80%	26,903	2,257
11	Common Equity	1,833,899	54.19%	50.00%	1,691,969	(141,931)
		3,383,937	100.00%	100.00%	3,383,937	-

	^ Ratio of Debt Compone	Per TECO Amounts	Long/Short Term Ratio	Per OPC Debt Ratio	OPC Adjusted Debt Ratio
		(f)	(g)	(h)	(i) = (g x h)
12	Long Term Debt	1,525,392	98.41%		49.20%
13	Short Term Debt	24,646	1.59%		0.80%
14		1,550,038	100.00%	50.00%	50.00%

The per Company amounts are from MFR Sch. D-1a.
Column (c): Capitalization Ratio per OPC sponsored by OPC Witness Kevin O'Donnell
Column (G): Lines 1 - 3 and 5 based on per-TECO Cost rates. Return on Equity on line 4 sponsored by OPC witness Randall Woolridge.
Line 7 is a fall-out calculation.

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Revenue Requirement - Alternative
(Thousands of Dollars)

Docket No. 130040-EI
OPC Alternate Recommendation
Exhibit DMR-3

Line No.	Description	Per Company Amount (A)	Per OPC Amount before Juris. Separation Factor Change (B)	Per OPC Amount after Juris. Separation Factor Change (C)	Col. (B) & (C) Reference
1	Jurisdictional Adjusted Rate Base	$ 4,339,973	$ 4,347,514	$ 4,316,004	Exh. DMR-2, Sch. B-1
2	Required Rate of Return	6.74%	5.67%	5.67%	Exh. DMR-3, Page 2
3	Jurisdictional Income Required	292,514	246,685	244,897	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	209,901	241,869	244,885	Exh. DMR-3, page 3
5	Income Deficiency (Sufficiency)	82,613	4,816	12	Line 3 - Line 4
6	Earned Rate of Return	4.84%	5.56%	5.67%	Line 4 / Line 1
7	Net Operating Income Multiplier	1.63220	1.63117	1.63117	Exh. DMR-2, Sch. A-2
8	Revenue Deficiency (Sufficiency)	$ 134,840	$ 7,856	$ 20	Line 5 x Line 7

Source/Notes:
Col. (A): MFR Schedule A-1

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Docket No. 130040-EI
OPC Alternate Recommendation
Exhibit DMR-3

Cost of Capital - Alternative
(Thousands of Dollars)

		Jurisdictional Capital Structure Per Company	OPC Rate Base Adjustments	Per Citizens Adjusted Amounts	Ratio	Cost Rate	Per OPC Weighted Cost Rate
		(A)	(B)	(C)	(D)	(E)	(F)
1	Long Term Debt	1,525,392	2,650	1,528,042	35.15%	5.40%	1.90%
2	Short Term Debt	24,646	43	24,689	0.57%	1.47%	0.01%
3	Preferred Stock	-	-	-	0.00%	0.00%	0.00%
4	Common Equity	1,833,899	3,187	1,837,086	42.26%	8.75%	3.70%
5	Customer Deposits	112,864	196	113,060	2.60%	2.20%	0.06%
6	Deferred Taxes	835,173	1,451	836,624	19.24%	0.00%	0.00%
7	Investment Tax Credits	7,999	14	8,013	0.18%	7.19%	0.01%
8	Total	4,339,973	7,541	4,347,514	100.00%		5.67%

The per Company amounts are from MFR Sch. D-1a.
Column (E): Lines 1 - 3 and 5 based on per-Company cost rates. Return on Equity on line 4 sponsored by OPC witness Randall Woolridge. Line 7 is a fall-out calculation.

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Revision to OPC Adjusted NOI Under Alternative Recommendation
(Thousands of Dollars)

Docket No. 130040-EI
OPC Alternate Recommendation
Exhibit DMR-3

Line No.	Description	Per OPC Amount before Juris. Separation Factor Change	Per OPC Amount after Juris. Separation Factor Change	Reference
1	OPC Adjusted Net Operating Income, Primary Recommendation	244,796	247,812	Exh. DMR-2, Sch. C-1, p.1
2	Less: Interest Synchronization Adjustment in OPC Adjusted NOI	(2,985)	(2,985)	Exh. DMR-2, Sch. C-1, p.2
3	Add: Revised Interest Synchronization Adjustment Based on Alternative Recommended Cost of Debt	58	58	Exh. DMR-3, page 4
4	OPC Adjusted NOI - Alternative Recommendation	241,869	244,885	

Tampa Electric Company
Projected Test Year Ended December 31, 2014

Interest Synchronization Adjustment - Alternative Recommendation
(Thousands of Dollars)

Docket No. 130040-EI
OPC Alternate Recommendation
Exhibit DMR-3

Line No.	Description	Amount	Reference
1	Adjusted Jurisdictional Rate Base, per OPC	$ 4,347,514	Exh. DMR-2, Sch. B-1
2	Weighted Cost of Debt, per OPC Alternative Capital Structure	1.9635%	Exh. DMR-3, page 2
3	Interest Deduction for Income Taxes	$ 85,365	Line 1 x Line 2
4	Interest Deduction, per Company	$ 85,215	(a)
5	Increase (Reduction) in Deductible Interest	$ 150	
6	Composite Income Tax Rate	38.575%	
7	Reduction (Increase) to Income Tax Expense	$ 58	

(a) Calculated as per Tampa Electric total rate base of $4,339,973 x per Tampa Electric weighted cost of debt of 1.9635%