

Docket No. 130040-EI: Petition for Rate Relief

Tampa Electric Company

Witness: **Direct Testimony of JEFFERY A. SMALL**, Appearing on Behalf of
the Staff of the Florida Public Service Commission

Date Filed: July 25, 2013

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **COMMISSION STAFF**

3 **DIRECT TESTIMONY OF JEFFERY A. SMALL**

4 **DOCKET NO. 130040-EI**

5 **JULY 25, 2013**

6 **Q. Please state your name and business address.**

7 **A. My name is Jeffery A. Small and my business address is 4950 West Kennedy Blvd,**
8 **Suite 310, Tampa, Florida, 33609.**

9 **Q. By whom are you presently employed and in what capacity?**

10 **A. I am employed by the Florida Public Service Commission as a Professional**
11 **Accountant Specialist in the Office of Auditing and Performance Analysis.**

12 **Q. How long have you been employed by the Commission?**

13 **A. I have been employed by the Florida Public Service Commission (FPSC) since January**
14 **1994.**

15 **Q. Briefly review your educational and professional background.**

16 **A. I have a Bachelor of Science degree in Accounting from the University of South**
17 **Florida. I am also a Certified Public Accountant licensed in the State of Florida.**

18 **Q. Please describe your current responsibilities.**

19 **A. Currently, I am a Professional Accountant Specialist with the responsibilities of**
20 **planning and directing the most complex investigative audits. Some of my past audits include**
21 **cross-subsidization issues, anti-competitive behavior, and predatory pricing. I am also**
22 **responsible for creating audit work programs to meet a specific audit purpose and integrating**
23 **EDP applications into these programs.**

24 **Q. Have you presented expert testimony before this Commission or any other**
25 **regulatory agency?**

1 A. Yes. I have provided testimony in the Progress Energy Florida, Inc. (PEF) Nuclear
2 Cost Recovery Clause Filings, Docket Nos. 080009-EI, 090009-EI, 100009-EI, 110009-EI,
3 120009-EI and 130009-EI.

4 I have also testified in the Southern States Utilities, Inc. rate case, Docket No. 950495-WS, the
5 transfer application of Cypress Lakes Utilities, Inc., Docket No. 971220-WS, and the Utilities,
6 Inc. of Florida rate case, Docket No. 020071-WS.

7 **Q. What is the purpose of your testimony today?**

8 A. The purpose of my testimony is to sponsor the staff Auditors' Report of Tampa
9 Electric Company (TEC) which addresses the Utility's application for rate relief in Docket
10 No. 130040-EI, for the historical year end 2012. This Auditor's Report is filed with my
11 testimony and is identified as Exhibit JAS-1.

12 **Q. Was the audit prepared by you or under your direction?**

13 A. Yes, the audit was prepared by me and under my direction.

14 **Q. Please describe the work you performed in the audit.**

15 A. The following procedures were performed.

- 16 • We verified, based on a sample of Plant in Service (PIS) additions, retirements and
17 adjustments for selected plant accounts, that the Utility's PIS is properly recorded for
18 the period January 1, 2008 through December 31, 2012. We recalculated a sample of
19 13-month average balances for PIS included in the filing.
- 20 • We verified, based on a sample of Property Held for Future Use (PHFU) properties
21 presented in the filing, that the PHFU balance is properly stated as of December 31,
22 2012. We reviewed documents describing the planned use for properties in our sample
23 and inquired about changes in use for existing properties. We recalculated a sample of
24 13-month average balances for PHFU included in the filing.
- 25 • We verified, based on a sample of Construction Work in Progress (CWIP) projects

1 included in the filing, that the CWIP balance is properly stated as of December 31,
2 2012. We reviewed utility documents describing each project sampled to determine
3 whether it was eligible to accrue Allowance for Funds Used During Construction
4 (AFUDC). We verified that projects accruing AFUDC were not included in rate base
5 in the filing. We recalculated a sample of 13-month average balances for CWIP
6 included in the filing.

- 7 • The objectives were to determine whether accruals, retirements and adjustments to
8 Accumulated Depreciation (AD) are properly recorded in compliance with the
9 Uniform System of Accounts (USOA), and to verify that the Utility used the
10 depreciation rates established in Commission Order No. PSC-12-0175-PAA-EI –
11 Petition for Approval of 2011 Depreciation Study and Annual Dismantlement Accrual
12 Amounts by Tampa Electric Company, issued April 3, 2012, and, to recalculate the 13-
13 month average balance for AD as of December 31, 2012.
- 14 • We verified, based on a sample of selected accounts, that the Working Capital (WC)
15 balance is properly stated, utility in nature, non-interest bearing, does not include non-
16 utility items and is consistent with the order cited above. We verified, based on a
17 sample of selected accounts that the accumulated provision accounts year end balances
18 comply with the Commission rule cited above. We recalculated a sample of 13-month
19 average balances for selected WC accounts included in the filing.
- 20 • We traced the equity account balances to the general ledger. We verified retained
21 earnings by reconciling a sample of dividend distributions to the dividend declarations
22 of the TECO Energy, Inc. Board of Directors. We recalculated the 13-month average
23 balance for equity included in the filing.
- 24 • We reconciled the Long Term Debt (LTD) balance to the general ledger. We traced
25 the LTD obligations and the unamortized loss on reacquired debt balance to the

1 original documents and verified the terms, conditions, redemption provisions and
2 interest rates for each bond or note payable. We sampled and verified the cost of LTD.
3 We recalculated the average cost rate and the 13-month average balance for LTD
4 included in the filing.

5 • We reconciled the Short Term Debt (STD) balance to the general ledger. We traced
6 the STD obligations to the supporting documents. We verified the average cost of
7 STD. We recalculated the average cost rate and the 13-month average balance for
8 STD included in the filing.

9 • We reconciled the Customer Deposit (CD) balance to the general ledger. We inquired
10 and verified that the Utility is collecting, refunding and paying interest on CD based on
11 Commission Rule 25-6.097, Florida Administrative Code (FAC) – Customer
12 Deposits.. We recalculated the average cost rate and the 13-month average balance for
13 CD included in the filing.

14 • We reconciled the Accumulated Deferred Income Tax balances to the general ledger
15 and to the federal tax returns. We recalculated the 13-month average balance included
16 in the filing.

17 • We reconciled the Investments Tax Credit balances to the general ledger. We
18 recalculated the average cost rate and the 13-month average balance for ITC included
19 in the filing.

20 • We reconciled 2012 revenues to the general ledger. We reviewed Commission audits
21 of the Utility’s cost recovery clauses, which included recalculations of a sample of
22 customer bills, to ensure that the Utility was using the rates authorized in its approved
23 tariff. We verified that unbilled revenues were calculated correctly.

24 • We verified, based on a sample of utility transactions for select Operation &
25 Maintenance (O&M) expense accounts, that 2012 O&M expense balances are

1 adequately supported by source documentation, utility in nature and do not include
2 non-utility items and are recorded consistent with the USOA. We reviewed samples of
3 utility advertising expenses, legal fees, outside service expenses, sales expenses,
4 customer service expenses and administrative and general service expenses to ensure
5 that amounts supporting non-utility operations were removed. We reviewed a sample
6 of intercompany allocations and charges to determine if expenses were allocated
7 pursuant to Commission Rule 25-6.1351 – Cost Allocation and Affiliate Transactions,
8 F.A.C.

- 9 • We recalculated a sample of depreciation expense accruals to verify that the Utility is
10 using the correct depreciation rates cited above.
- 11 • We verified, based on a sample of transactions for select Taxes Other Than Income
12 (TOTI) accounts, that TOTI expenses are adequately supported by source
13 documentation.
- 14 • We traced federal and state income taxes to the general ledger. We documented bonus
15 depreciation treatment for asset additions. We verified that adjustments to income tax
16 expense are consistent with the USOA and calculated correctly.
- 17 • We developed a five-year (2008 -2012) analytical review that compared the annual
18 percentage change and the 2012 over 2007 total percentage change for the Federal
19 Energy Regulatory Commission (FERC) account balances. Accounts that exhibited
20 significant activity or percentage change, as determined by the auditor, were randomly
21 selected for additional review.
- 22 • We reviewed the 2007 and 2008 FERC audit reports for TEC, that were issued on
23 August 21, 2007 and August 18, 2008, respectively. We reviewed the 2012 annual
24 report and associated audit work papers for TECO and its subsidiaries, including TEC.
25 The annual report was released on February 26, 2013, and included the unqualified

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opinion by PricewaterhouseCoopers (PWC) of TECO consolidated operations.

- We reviewed the respective Board of Directors meeting minutes for TEC and TECO through March 15, 2013, for activities or issues that could affect TEC in the current rate case proceeding.

Q. Were there any audit findings in the audit report, JAS-1, which address the historical 2012 balance in the Utility's filing.

A. No

Q. Does this conclude your testimony?

A. Yes, it does.

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Tampa Electric Company
Petition for Rate Increase

Twelve Months Ended December 31, 2012

Docket No. 130040-EI
Audit Control No. 13-105-2-1
June 28, 2013

A blue ink signature of Jeffery A. Small, written in a cursive style, positioned above a horizontal line.

Jeffery A. Small
Audit Manager

A brown ink signature of Debra M. Dobiac, written in a cursive style, positioned above a horizontal line.

Debra M. Dobiac
Audit Staff

A blue ink signature of Ronald Mavrides, written in a cursive style, positioned above a horizontal line.

Ronald Mavrides
Audit Staff

A blue ink signature of Linda Hill-Slaughter, written in a cursive style, positioned above a horizontal line.

Linda Hill-Slaughter
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economics in its audit service request dated April 22, 2013. We have applied these procedures to the attached schedules prepared by Tampa Electric Company in support of its filing for rate relief in Docket No. 130040-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

TEC/Utility refers to Tampa Electric Company

TECO/Parent refers to TECO Energy, Inc.

FERC refers to the Federal Energy Regulatory Commission

USoA refers to the FERC Uniform System of Accounts as adopted by Commission Rule 25-6.014 – Records and Reports in General, Florida Administrative Code. (F.A.C.)

Background

Tampa Electric Company filed a petition for a permanent rate increase on February 4, 2013. The Utility is engaged in business as a public utility providing electric service as defined in Section 366.02, Florida Statutes (F.S.), and is subject to our jurisdiction. TECO provides generation, transmission, and distribution service to approximately 684,000 retail customers in Hillsborough and portions of Polk, Pasco and Pinellas counties.

The Utility's last petition for rate relief was granted in Docket No. 080317-EI, in Order No. PSC-09-0283-FOF-EI, Petition for Rate Increase, issued April 30, 2009, and in Order No. PSC-09-0571-FOF-EI, Motion on Reconsideration, issued August 21, 2009, Those orders established and reaffirmed historical rate base and capital structure balances for the Utility as of December 31, 2007.

Objectives: The objectives in this proceeding were to determine whether the Utility's 2012 historic year end filing in Docket No. 130040-EI is consistent and in compliance with Section 366.06 – Rates, Procedures for Fixing and Changing, Florida Statutes (F.S.), and Commission Rule 25-6.043 – Investor Owned Electric Utility Minimum Filing Requirements, F.A.C.

Procedure: We performed the following specific objectives and procedures to satisfy the overall objective identified above.

Rate Base

Plant in Service (PIS)

Objectives: The objectives were to determine whether, PIS exists and is owned by the utility, additions are authentic and recorded at original cost, proper retirements were made when a replacement asset was put in service, PIS is properly classified in compliance with the USoA, and, to recalculate the 13-month average balance for PIS as of December 31, 2012.

Procedures: We verified, based on a sample of PIS additions, retirements and adjustments for selected plant accounts, that the Utility's PIS is properly recorded for the period January 1, 2008 through December 31, 2012. We recalculated a sample of 13-month average balances for PIS included in the filing. No exceptions were noted.

Property Held for Future Use (PHFU)

Objectives: The objectives was to determine the nature and purpose of utility properties recorded as PHFU and to disclose material additions or changes to the company's planned use for such properties, and, to recalculate the 13-month average balance for PHFU as of December 31, 2012.

Procedures: We verified, based on a sample of PHFU properties presented in the filing, that the PHFU balance is properly stated as of December 31, 2012. We reviewed documents describing the planned use for properties in our sample and inquired about changes in use for existing properties. We recalculated a sample of 13-month average balances for PHFU included in the filing. No exceptions were noted.

Construction Work in Progress (CWIP)

Objectives: The objectives were to determine the nature and purpose of utility projects recorded as CWIP, and, whether projects that are eligible to accrue allowance for funds used during construction (AFUDC) are excluded from rate base pursuant to Commission Rule 25-6.0141, F.A.C. – Allowance for Funds Used During Construction, and, to recalculate the 13-month average balance for CWIP as of December 31, 2012.

Procedures: We verified, based on a sample of CWIP projects included in the filing, that the CWIP balance is properly stated as of December 31, 2012. We reviewed utility documents describing each project sampled to determine whether it was eligible to accrue AFUDC. We verified that projects accruing AFUDC were not included in rate base in the filing. We recalculated a sample of 13-month average balances for CWIP included in the filing. No exceptions were noted.

Accumulated Depreciation (AD)

Objectives: The objectives were to determine whether accruals, retirements and adjustments to accumulated depreciation are properly recorded in compliance with the USoA, and to verify that the Utility used the depreciation rates established in Commission Order No. PSC-12-0175-PAA-EI – Petition for Approval of 2011 Depreciation Study and Annual Dismantlement Accrual Amounts by Tampa Electric Company, issued April 3, 2012, and, to recalculate the 13-month average balance for AD as of December 31, 2012.

Procedures: We verified, based on a sample of selected AD accounts, that the AD is properly recorded for the period January 1, 2008 through December 31, 2012, and, the Utility properly restated and used the depreciation rates approved in the order cited above. We recalculated a sample of 13-month average balances for selected AD accounts included in the filing. No exceptions were noted.

Working Capital (WC)

Objectives: The objectives were to determine whether the WC account balances are properly stated based on Commission adjustments in the prior rate case in Order No. PSC-09-0283-FOF-EI, and the provisions of Commission Rule 25-6.0143, F.A.C. – Use of Accumulated Provision Accounts, and, to recalculate the 13-month average balance for WC as of December 31, 2012.

Procedures: We verified, based on a sample of selected accounts, that the WC balance is properly stated, utility in nature, non-interest bearing, does not include non-utility items and is consistent with the order cited above. We verified, based on a sample selected accounts, that the accumulated provision accounts year end balances comply with the Commission rule cited above. We recalculated a sample of 13-month average balances for selected WC accounts included in the filing. No exceptions were noted.

Capital Structure

Equity

Objectives: The objectives were to determine whether equity account balances represent actual equity and are properly recorded in compliance with the USoA, and, to recalculate the 13-month average balance for equity as of December 31, 2012.

Procedures: We traced the equity account balances to the general ledger. We verified retained earnings by reconciling a sample of dividend distributions to the dividend declarations of the TECO Board of Directors. We recalculated the 13-month average balance for equity included in the filing. No exceptions were noted.

Long Term Debt (LTD)

Objectives: The objectives were to determine whether long-term debt balances represent actual obligations of the utility and are properly recorded in compliance with the USoA, and, to recalculate the 13-month average balance for LTD as of December 31, 2012.

Procedures: We reconciled the LTD balance to the general ledger. We traced the LTD obligations and the unamortized loss on reacquired debt balance to the original documents and verified the terms, conditions, redemption provisions and interest rates for each bond or note payable. We sampled and verified the cost of LTD. We recalculated the average cost rate and the 13-month average balance for LTD included in the filing. No exceptions were noted.

Short Term Debt (STD)

Objectives: The objectives were to determine whether STD balances represent actual obligations of the utility and that they are properly recorded in compliance with the USoA, and, to recalculate the 13-month average balance for STD as of December 31, 2012.

Procedures: We reconciled the STD balance to the general ledger. We traced the STD obligations to the supporting documents. We verified the average cost of STD. We recalculated the average cost rate and the 13-month average balance for sTD included in the filing. No exceptions were noted.

Customer Deposits (CD)

Objectives: The objectives were to determine whether CD balances represent actual obligations of the utility and are properly recorded in compliance with the USoA, and, to recalculate the 13-month average balance for CD as of December 31, 2012.

Procedures: We reconciled the CD balance to the general ledger. We inquired and verified that the Utility is collecting, refunding and paying interest on CD based on Commission Rule 25-6.097 – Customer Deposits.. We recalculated the average cost rate and the 13-month average balance for CD included in the filing. No exceptions were noted.

Accumulated Deferred Taxes (ADIT)

Objectives: The objectives were to determine whether ADIT are properly stated and calculated based on the recorded differences between utility book and taxable income, and, to recalculate the 13-month average balance for ADIT as of December 31, 2012.

Procedures: We reconciled the ADIT balances to the general ledger and to the federal tax returns. We recalculated the 13-month average balance included in the filing. No exceptions were noted.

Investment Tax Credits (ITC)

Objectives: The objectives were to determine whether ITC are properly stated and reflect realized tax credits, and, to recalculate the 13-month average balance for ITC as of December 31, 2012.

Procedures: We reconciled the ITC balances to the general ledger. We recalculated the average cost rate and the 13-month average balance for ITC included in the filing. No exceptions were noted.

Net Operating Income

Operating Revenue

Objectives: The objectives were to determine whether 2012 revenues are properly calculated and recorded in compliance with the USoA and are based on approved tariff rates.

Procedures: We reconciled 2012 revenues to the general ledger. We reviewed Commission audits of the Utility's cost recovery clauses, which included recalculations of a sample of customer bills, to ensure that the utility was using the rates authorized in its approved tariff. We verified that unbilled revenues were calculated correctly. No exceptions were noted.

Operating Expense (O&M)

Objectives: The objectives were to determine whether 2012 O&M expenses are properly recorded in compliance with the USoA and were reasonable for ongoing utility operations.

Procedures: We verified, based on a sample of utility transactions for select O&M expense accounts, that 2012 O&M expense balances are adequately supported by source documentation, utility in nature and do not include non-utility items and are recorded consistent with the USoA. We reviewed samples of utility advertising expenses, legal fees, outside service expenses, sales expenses, customer service expenses and administrative and general service expenses to ensure that amounts supporting non-utility operations were removed. We reviewed a sample of intercompany allocations and charges to determine if expenses were allocated pursuant to

Commission Rule 25-6.1351 – Cost Allocation and Affiliate Transactions, F.A.C. No exceptions were noted.

Depreciation & Amortization Expense

Objectives: The objectives were to determine whether 2012 depreciation expense is properly recorded in compliance with the USoA and to determine that depreciation expense accruals are calculated using the depreciation rates established in Commission Order No. PSC-12-0175-PAA-EI, cited above.

Procedures: We recalculated a sample of depreciation expense accruals to verify that the utility is using the correct depreciation rates cited above. No exceptions were noted.

Taxes Other than Income (TOTI)

Objective: The objective was to determine whether 2012 TOTI is properly recorded in compliance with the USoA.

Procedures: We verified, based on a sample of transactions for select TOTI accounts, that TOTI expenses are adequately supported by source documentation. No exceptions were noted.

Income Taxes

Objectives: The objectives were to whether 2012 income taxes are properly recorded in compliance with the USoA.

Procedures: We traced federal and state income taxes to the general ledger. We documented bonus depreciation treatment for asset additions. We verified that adjustments to income tax expense are consistent with the USoA and calculated correctly. No exceptions were noted.

Other

Analytical Review

Objectives: The objective was to perform an analytical review of the Utility's rate case filing using prior years FERC Form 1 filings with the Commission.

Procedures: We developed a five-year (2008 -2012) analytical review that compared the annual percentage change and the 2012 over 2007 total percentage change for the FERC account balances. Accounts that exhibited significant activity or percentage change, as determined by the auditor, were randomly selected for additional review. No exceptions were noted.

FERC and Outside Audits

Objectives: The objective was to determine whether there were any exceptions or disclosures in the last FERC and Price Waterhouse Coopers, LLP (PWC) external audits of TEC and TECO, respectively.

Procedures: We reviewed the 2007 and 2008 FERC audit reports for TEC, that were issued on August 21, 2007 and August 18, 2008, respectively. No exceptions were noted. We reviewed the 2012 annual report and associated audit work papers for TECO and its subsidiaries, including

TEC. The annual report was released on February 26, 2013, and included the unqualified opinion by PWC of TECO consolidated operations. No exceptions were noted.

Board of Director Meetings (BOD)

Objectives: The objective was to review the minutes of the TEC and TECO Board of Directors.

Procedures: We reviewed the respective BOD meeting minutes for TEC and TECO through March 15, 2013, for activities or issues that could affect TEC in the current rate case proceeding. No exceptions were noted.

Audit Findings

None

Exhibits

Exhibit 1: Rate Base

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ADJUSTED RATE BASE

SCHEDULE B-1
FLORIDA PUBLIC SERVICE COMMISSION
 EXPLANATION: Provide a schedule of the 13-month average adjusted rate base for the last year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule B-2.

COMPANY: TAMPA ELECTRIC COMPANY
 DOCKET No. 130040-EI

Type of data shown:
 Projected Test Year Ended 12/31/2014
 Historical Prior Year Ended 12/31/2013
 XX Historical Prior Year Ended 12/31/2012
 Witness: J. S. Chronister/W. R. Ashburn

Line No.	(1) Plant in Service	(2) Accumulated Provision for Depreciation and Amortization	(3) Net Plant in Service (1-2)	(4) CWIP	(5) Plant Held For Future Use	(6) Nuclear Fuel - No AFUDC (Net)	(7) Net Utility Plant	(8) Working Capital Allowance	(9) Other Rate Base Items	(10) Total Rate Base
1										
2	\$ 6,597,127	\$ 2,363,084	\$ 4,234,043	\$ 205,848	\$ 34,252	\$ -	\$ 4,474,143	\$ 7,462	\$ -	\$ 4,481,605
3										
4	0.963733	0.967459	0.961653	0.960043	0.648656	-	0.960715	0.963013	-	0.960719
5										
6	6,357,987	\$ 2,286,168	\$ 4,071,819	\$ 197,623	\$ 20,075	\$ -	\$ 4,298,377	\$ 7,196	\$ -	\$ 4,305,563
7	(480,578)	(93,839)	(366,739)	(59,754)	-	-	(446,493)	(5,327)	-	(451,820)
8										
9										
10										
11										
12	(480,578)	(93,839)	(366,739)	(59,754)	-	-	(446,493)	(5,327)	-	(511,569)
13										
14	\$ 5,877,289	\$ 2,192,349	\$ 3,684,940	\$ 137,869	\$ 20,075	\$ -	\$ 3,851,684	\$ (57,866)	\$ -	\$ 3,793,998
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41	Totals may be affected due to rounding.									

Supporting Schedules: B-2, B-3, B-6
 Ready Schedules: A-1

Exhibit 2: Capital Structure

SCHEDULE D-1s
 FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Provide the company's 13-month average cost of capital for the test year, the prior year, and historical base year.
 COMPANY: TAMPA ELECTRIC COMPANY
 DOCKET No. 130040-EI
 COST OF CAPITAL - 13-MONTH AVERAGE
 Type of data shown: Projected Test Year Ended 12/31/2014
 Projected Prior Year Ended 12/31/2013
 XX Historical Prior Year Ended 12/31/2012
 Witness: S.W. Cashner/J. S. Chronister
 Page 3 of 3

(Dollars in 000s)

Line No.	Class of Capital	(1) Company Total Per Books	(2) Common Dividends / Other	(3) DIT Specific / STD	(4) DIT Specific / Prorata	(7) System Adjusted	(8) Jurisdictional Factor	(9) Jurisdictional Capital Structure	(10) Ratio	(11) Cost Rate	(12) Weighted Cost Rate
1											
2	Long Term Debt	\$ 1,705,767	\$ -	\$ (3)	\$ (204,785)	\$ 1,500,999	0.960008	\$ 1,440,971	37.98%	6.18%	2.35%
3											
4	Short Term Debt	16,923	-	(10,476)	(774)	5,670	0.960008	5,443	0.14%	0.65%	0.00%
5											
6	Customer Deposits	122,312	-	-	(12,633)	109,679	0.960008	105,100	2.77%	4.56%	0.13%
7											
8	Preferred Stock	0	-	-	-	-	0.960008	-	0.00%	-	0.00%
9											
10	Common Equity	1,906,970	5,510	(3)	(226,580)	1,682,897	0.960008	1,615,594	42.56%	11.25%	4.75%
11											
12	Deferred Income Taxes	725,680	-	(6,008)	(75,511)	644,171	0.960008	618,409	16.30%	-	0.00%
13											
14	Tax Credits - Zero Cost	0	-	-	-	-	0.960008	-	0.00%	-	0.00%
15											
16	Tax Credits - Weighted Cost	9,869	(1)	-	(1,035)	8,833	0.960008	8,479	0.22%	8.94%	0.02%
17											
18		\$ 4,487,531	\$ 5,509	\$ (16,483)	\$ (524,298)	\$ 3,952,249		\$ 3,783,906	100.00%		7.25%
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41 Totals may be affected due to rounding Supporting Schedules:

Receipt Schedules: A-1

Exhibit 3: Net Operating Income

SCHEDULE C-1 FLORIDA PUBLIC SERVICE COMMISSION		ADJUSTED JURISDICTIONAL NET OPERATING INCOME						Page 3 of 3	
EXPLANATION:		Provide the calculation of jurisdictional net operating income for the test year, the prior year and the most recent historical year.						Type of data shown:	
Line Account No. Number	Account Name	(1) Total Company Per Books	(2) Non-Electric Utility	(3) Total Electric (1)-(2)	(4) Jurisdictional Factor	(5) Jurisdictional Amount (3)*(4)	(6) Commission Jurisdictional Adjustments (Schedule C-2)	(7) Company Jurisdictional Adjustments (Schedule C-2)	(8) Adjusted Jurisdictional Amount (5)+(6)-(7)
		(Dollars in 000's)							
2	Revenue From Sales	\$ 1,949,858	\$ -	\$ 1,949,858	0.996752	\$ 1,943,655	\$(1,048,423)	\$ -	\$ 895,232
3									
4	Other Operating	31,499	-	31,499	0.498444	15,732	25,121	-	40,853
5									
6									
7	Total Operating Revenues	1,981,357	-	1,981,357		1,959,387	(1,020,302)	-	939,085
8									
9	Other O&M	370,824	-	370,824	0.982215	364,229	(64,663)	-	299,566
10									
11	Fuel	711,823	-	711,823	0.998692	711,404	(705,266)	-	6,138
12									
13	Purchased Power	105,306	-	105,306	1.000000	105,306	(105,306)	-	-
14									
15	Deferred Costs	(13,650)	-	(13,650)	1.000000	(13,650)	13,650	-	-
16									
17	Depreciation & Amortization	237,240	-	237,240	0.963467	228,765	(17,867)	-	210,898
18									
19	Taxes Other Than Income Taxes	151,269	-	151,269	0.987825	148,447	(91,822)	-	57,625
20									
21	Income Taxes	120,217	1,782	118,435	0.994856	117,826	(14,726)	-	103,100
22									
23	(Gain)/Loss on Disposal of Plant	(360)	-	(360)	0.963150	(356)	-	-	(360)
24	Total Operating Expenses	1,862,475	1,782	1,860,693		1,860,861	(865,111)	-	995,750
25									
26	Net Operating Income	205,912	\$(1,782)	204,130		205,326	\$(4,190)	\$ -	201,136
27									
28									
29									
30									
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44 Totals may be affected due to rounding.
Supporting Schedules: C-2,C-4,C-6

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Tampa
Electric Company.

DOCKET NO. 130040-EI

DATED: JULY 25, 2013

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT the testimony of Jeffery A. Small on behalf of the Florida Public Service Commission was filed electronically with the Office of Commission Clerk, Florida Public Service Commission, and copies were furnished to the following, by electronic mail, on this 25th day of July, 2013.

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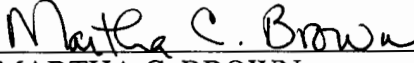
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