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COMMISSION
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TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

February 11, 2014

HAND DELIVERED

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Petition of Tampa Electric Company to Recovery Capital Costs of Big Bend Fuel
Cost Reduction Project through the Fuel Cost Recovery Clause

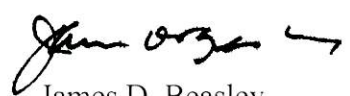
Dear Ms. Stauffer:

Enclosed for filing in the above-styled matter are the original and fifteen (15) copies of
Petition of Tampa Electric Company.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this
letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosure

COM _____
AFD 9
APA 2
ECO 2
ENG 2
GCL _____
IDM _____
TEL _____
CLK _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
to Recover Capital Costs of Big Bend Fuel)
Cost Reduction Project through the Fuel)
Cost Recovery Clause.)
_____)

DOCKET NO. _____

FILED: February 11, 2014

**PETITION OF
TAMPA ELECTRIC COMPANY**

Tampa Electric Company ("Tampa Electric" or "the company") petitions the Commission for approval of the company's recovery through the fuel adjustment clause of the capital costs associated with the conversion of certain equipment at the company's Big Bend Power Station to reduce the input costs of fossil fuel used to operate Big Bend Units 1 through 4 ("Big Bend Fuel Cost Reduction Project" or "the Project") and, as grounds therefor, says:

1. Tampa Electric is an investor-owned electric utility subject to the Commission's jurisdiction pursuant to Chapter 366, Florida Statutes. Tampa Electric serves retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties in Florida. The company's principal offices are located at 702 North Franklin Street, Tampa, Florida 33602.

2. The persons to whom all notices and other documents should be sent in connection with this docket are:

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3. Tampa Electric operates four pulverized coal steam units (Units 1 through 4) at its Big Bend Station. Those units are equipped with desulfurization scrubbers and electrostatic precipitators and have undergone the addition of air pollution control systems called Selective Catalytic Reduction ("SCR"). Big Bend Units 1 through 4 collectively have a net summer capacity of 1,542 MW and a net winter capacity of 1,572 MW. In addition, Big Bend Station operates one aero derivative combustion turbine not affected by this Petition. The planned retirement dates of Big Bend Units 1 through 4 are shown below:

<u>Unit</u>	<u>Year</u>
Big Bend Unit 1	2035
Big Bend Unit 2	2038
Big Bend Unit 3	2041
Big Bend Unit 4	2050

4. Tampa Electric has reviewed its operation of Big Bend Units 1 through 4 in an effort to determine whether any means exist to take advantage of the difference between the prices of distillate oil and natural gas that currently exists and which is projected to exist for the foreseeable future. Based on this review, the company has concluded that natural gas may be used beneficially in place of the distillate oil currently used to start-up and stabilize Big Bend Units 1 through 4, thereby significantly reducing the total input cost of fossil fuel at Big Bend Station which will directly benefit Tampa Electric's general body of retail customers.

5. The Project proposed in this petition will involve the use of natural gas that will be delivered to Big Bend Units 1 through 4 from an existing natural gas main serving Big Bend Station. The natural gas will replace the distillate oil currently utilized by Tampa Electric to start-up

and stabilize Big Bend Units 1 through 4. The equipment that will be utilized to convert the igniters to operate on natural gas is depicted in the diagram attached hereto as Exhibit "A".

6. The total capital costs of the project are projected to be \$19.9 million. Tampa Electric will phase in the conversion of the igniter fuel sources from distillate oil to natural gas in accordance with the following schedule reflecting the expected post-conversion in-service date of each unit:

<u>Unit</u>	<u>In-service Date</u>
Big Bend Unit 3	February 2015
Big Bend Unit 4	April 2015
Big Bend Unit 2	May 2015
Big Bend Unit 1	November 2015

The above in-service dates are designed to take advantage of currently planned outages for each of the four Big Bend coal units.

7. Based on its analysis of the projected dispatch of Big Bend Units 1 through 4 and the relative Btu unit costs of distillate oil and natural gas, the company calculates that the proposed conversion to natural gas in place of distillate oil will reduce fuel expense by more than \$23 million (net present value) beginning with the post-conversion in-service date of Big Bend Unit 3, or the post-conversion in-service date of the first unit to be converted as part of the project, and ending five years after the post-conversion in-service date of Big Bend Unit 1, or the fourth unit to be converted as part of the project, with continued fuel savings thereafter. This proposed project will result in significant fuel cost savings through a lowering of the delivered price, or input price, of fossil fuel used to operate the igniters for Big Bend Units 1 through 4. Furthermore, the

methodology proposed by Tampa Electric to recover the associated conversion costs described in more detail below assures that the annual project cost recovery is limited to the ratepayer benefits received during the same period. In the event that the benefits do not exceed the costs for a particular period, the project cost recovery is deferred to a subsequent period. A schedule showing the project estimated costs and net benefits is attached hereto as Exhibit "B".

8. In Order No. 14546 issued on July 8, 1985 in Docket No. 850001-EI-B, the Commission addressed the categories of costs appropriate for recovery through the fuel adjustment clause. They included fossil fuel related costs normally recovered through base rates, but which were not recognized or anticipated in the cost levels used to determine current base rates and which, if expended, will result in fuel savings to customers. The Commission concluded in Order No. 14546 that recovery of such costs should be made on a case-by-case basis after Commission approval.

9. The Commission elaborated on the recovery of capital costs through the fuel adjustment clause in Order No. PSC-11-0080-PAA-EI, issued January 31, 2011 in Docket No. 100404-EI. There, the Commission referred to Order No. 14546 and stated:

We find that the appropriate interpretation of this section of Order No. 14546 is that capital projects eligible for cost recovery through the Fuel Clause should produce fuel savings based on lowering the delivered price of fossil fuel, or otherwise result in burning lower price fuel at the plant. . . .

The Commission concluded:

. . . [W]e believe that the appropriate policy going forward is to restrict capital project cost recovery through the Fuel Clause to projects that are 'fossil fuel-related' and that lower the delivered price, or input price, of fossil fuel. At the same time, we reaffirm our practice of reviewing the eligibility of projects for recovery on a case-by-case basis.

10. The Commission recently approved for cost recovery through the Fuel Clause a similar project in which Tampa Electric will achieve net fuel savings through the conversion of auxiliary boilers and certain furnaces at its Polk Power Station to burn natural gas instead of fuel oil and propane gas.¹ The Commission approved that project for cost recovery because it appeared the project will produce fuel savings by burning a lower priced fossil fuel at Polk Unit 1.

11. The Project will produce significant fuel cost savings through a lowering of the delivered price of fossil fuel resulting from burning lower priced fuel at Big Bend Station. The total fuel savings will be significant, estimated at \$76.2 million (net present value) over the expected lives of Big Bend Units 1 through 4, and will directly benefit Tampa Electric's general body of retail customers. The Commission has previously allowed utilities to recover the costs of converting combustion turbines to burn natural gas provided the fuel savings during an annual period exceeded the amortization and return costs. See, *e.g.*, Orders PSC-95-1089-FOF-EI, PSC-0353-FOF-EI, and PSC-1045-FOF-EI. In these orders, fuel savings were determined by comparing the costs of using the fuels prior to the conversion as reported on the company's fuel schedules on a cents-per-kWh basis compared to the costs of natural gas on the same basis, multiplied by actual kWh generated.

12. Tampa Electric proposes to use the methodology in the above referenced orders to calculate the actual fuel savings and will provide a schedule showing the actual fuel savings as well as the savings net of depreciation and return that customers would receive based on the company's actual generation and fuel costs. Tampa Electric expects that the fuel savings beginning in February 2015 and continuing for five years after the in-service date of the Big

¹ Order No. PSC-12-0498-PAA-EI issued September 27, 2012 in Docket No. 120153-EI, In re: Petition to recover capital costs of Polk fuel cost reduction project through the fuel cost recovery clause, by Tampa Electric Company; Consummating Order No. PSC-12-0563-CO-EI, issued October 22, 2012.

Big Bend Unit 1 conversion will exceed the amortization and return costs associated with the conversion and will include such a schedule as an exhibit during its annual fuel adjustment clause filings. If the fuel savings during any annual period do not exceed the amortization and return costs, any costs above that fuel savings amount would not be included for recovery through the Fuel Clause for that year, and the company will defer recovery of the difference to the next year. Additionally, the net fuel savings will be even greater beginning in the sixth year after completion of the Project as it is anticipated that the amortization and return costs would no longer be recovered.

13. Tampa Electric seeks Commission authority to recover amortization and a return on the unamortized balance of the net investment in the Project beginning with the in-service date of the Big Bend Unit 3 conversion, or the in-service date of the first unit converted, and continuing for five years after the in-service date of the Big Bend Unit 1 conversion, or the in-service date of the fourth unit converted.

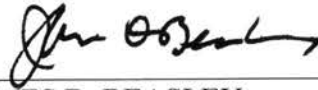
14. Consistent with Order PSC-12-0498-PAA-EI, approving the company's Polk Fuel Cost Reduction Project, Tampa Electric does not seek recovery through base rates of any of the capital costs of this Project not recovered through the Fuel Clause.

15. Tampa Electric is not aware of any disputed issues of material fact relative to the matters set forth in this petition.

WHEREFORE, Tampa Electric Company requests Commission approval of the company's cost recovery of the capital investment in the company's proposed Big Bend Fuel Cost Reduction Project through the fuel adjustment clause.

DATED this 11th day of February 2014.

Respectfully submitted,

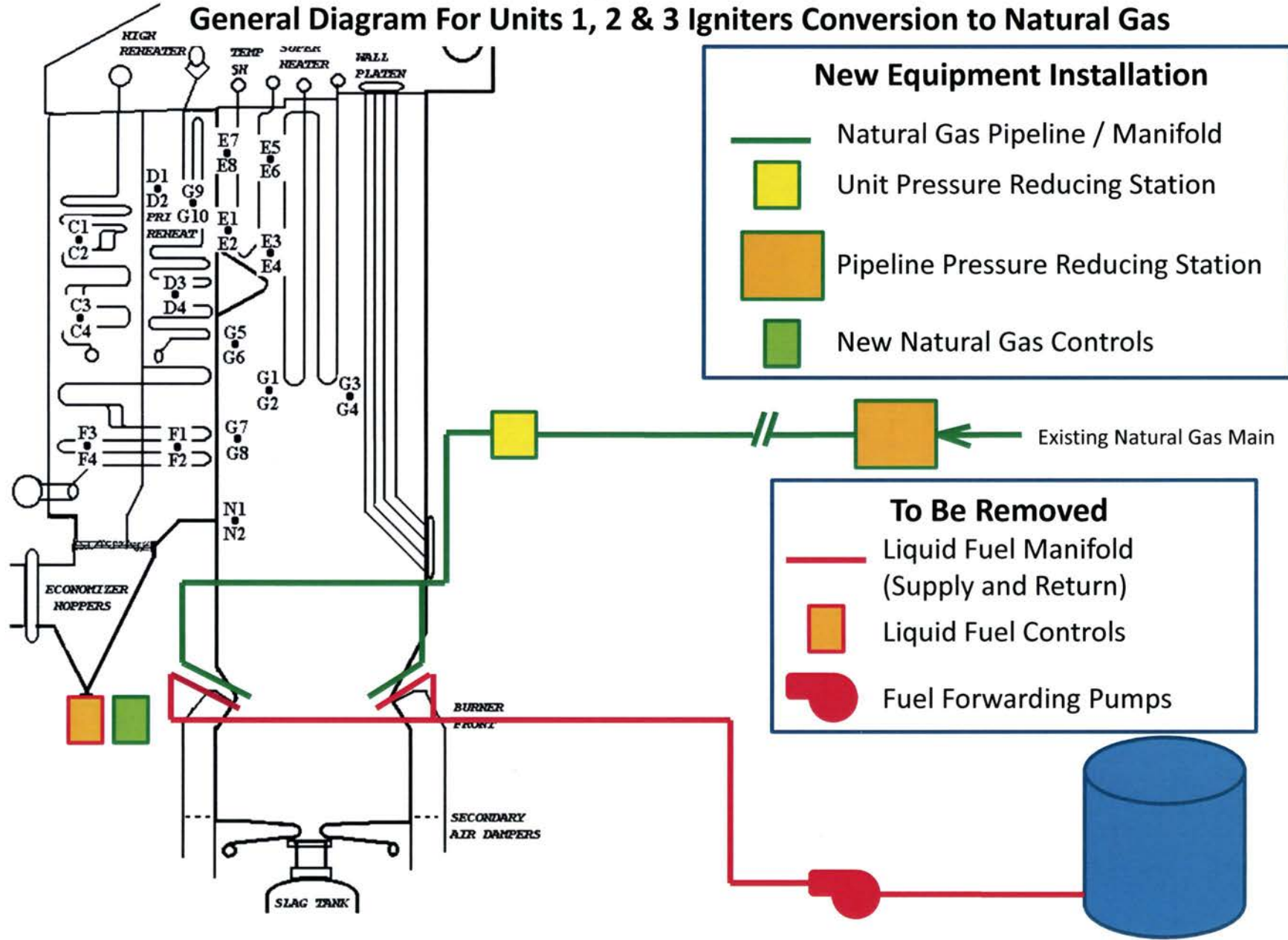


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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

Big Bend Station




General Diagram For Units 1, 2 & 3 Igniters Conversion to Natural Gas



New Equipment Installation

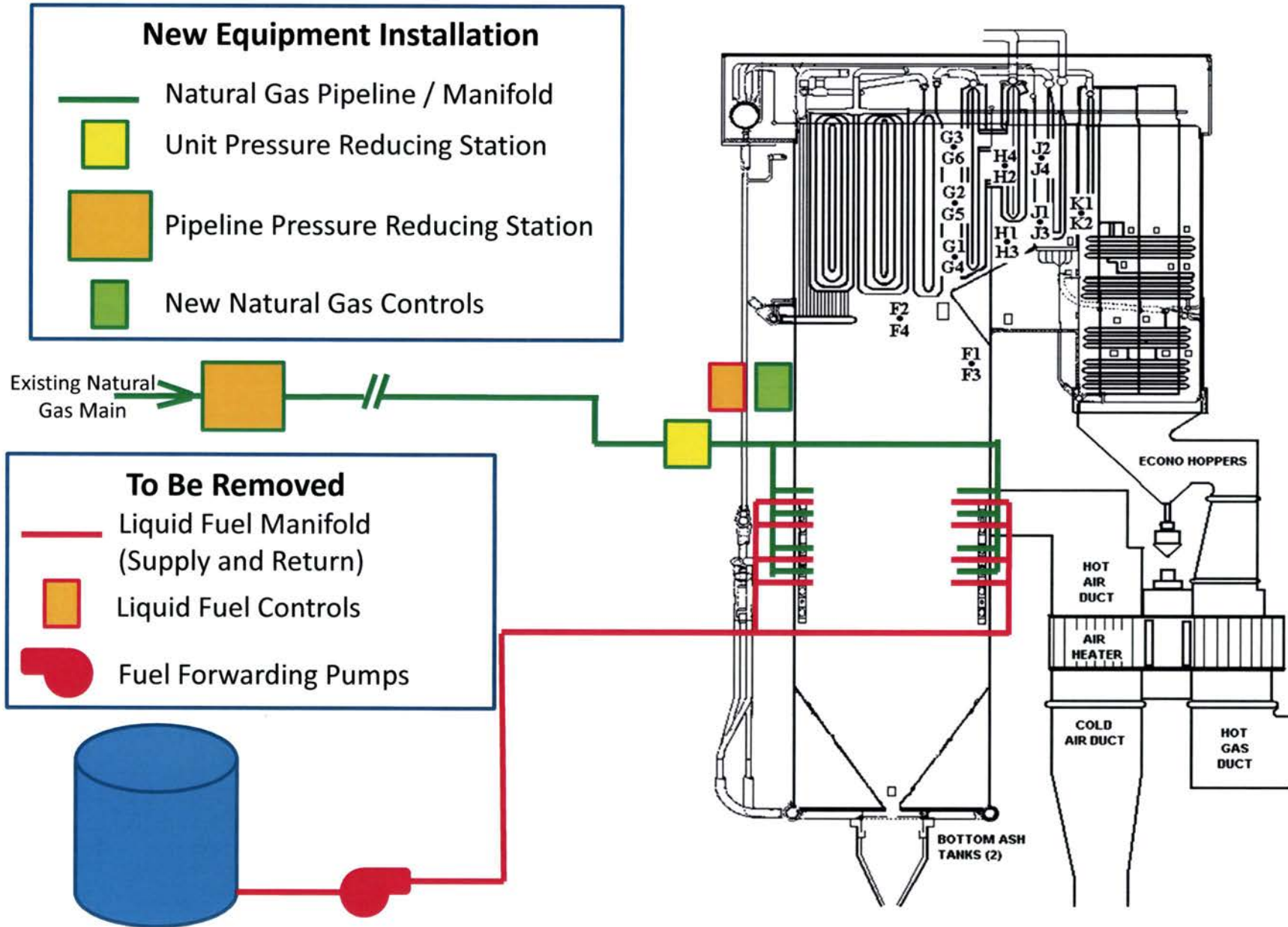
-  Natural Gas Pipeline / Manifold
-  Unit Pressure Reducing Station
-  Pipeline Pressure Reducing Station
-  New Natural Gas Controls

To Be Removed

-  Liquid Fuel Manifold (Supply and Return)
-  Liquid Fuel Controls
-  Fuel Forwarding Pumps

Big Bend Station

General Diagram For Unit 4 Igniter Conversion to Natural Gas



**BIG BEND UNITS 1-4 IGNITERS CONVERSION TO NATURAL GAS
SCHEDULE OF DEPRECIATION AND RETURN
FOR THE PERIOD JANUARY, 2015 THROUGH DECEMBER, 2015**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 BEGINNING BALANCE	\$ -	\$ -	\$ -	\$ 8,694,457	\$ 12,627,359	\$ 16,422,568	\$ 16,422,568	\$ 16,422,568	\$ 16,422,568	\$ 16,422,568	\$ 16,422,568	\$ 16,422,568	\$ 16,422,568
2 ADD INVESTMENT	-	-	8,694,457	3,932,902	3,795,209	-	-	-	-	-	-	3,447,732	19,870,300
3 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
4 ENDING BALANCE	-	-	8,694,457	12,627,359	16,422,568	16,422,568	16,422,568	16,422,568	16,422,568	16,422,568	16,422,568	19,870,300	19,870,300
5													
6 AVERAGE BALANCE	-	-	-	8,694,457	12,627,359	16,422,568	16,422,568	16,422,568	16,422,568	16,422,568	16,422,568	16,422,568	16,422,568
7 DEPRECIATION RATE	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%
8 DEPRECIATION EXPENSE	-	-	-	144,908	210,456	273,709	273,709	273,709	273,709	273,709	273,709	273,709	2,271,330
9 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
10 BEGINNING BALANCE DEPRECIATION	-	-	-	-	144,908	355,364	629,073	902,783	1,176,492	1,450,201	1,723,911	1,997,620	-
11 ENDING BALANCE DEPRECIATION	-	-	-	144,908	355,364	629,073	902,783	1,176,492	1,450,201	1,723,911	1,997,620	2,271,330	2,271,330
12													
13 ENDING NET INVESTMENT	-	-	8,694,457	12,482,451	16,067,204	15,793,495	15,519,785	15,246,076	14,972,367	14,698,657	14,424,948	17,598,970	
14													
15 AVERAGE INVESTMENT	\$ -	\$ -	\$ 4,347,229	\$ 10,588,454	\$ 14,274,828	\$ 15,930,350	\$ 15,656,640	\$ 15,382,931	\$ 15,109,221	\$ 14,835,512	\$ 14,561,802	\$ 16,011,959	
16 ALLOWED EQUITY RETURN	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%
17 EQUITY COMPONENT AFTER-TAX	-	-	16,034	39,054	52,651	58,757	57,748	56,738	55,729	54,719	53,710	59,058	504,198
18 CONVERSION TO PRE-TAX	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	
19 EQUITY COMPONENT PRE-TAX	-	-	26,171	63,744	85,937	95,903	94,256	92,608	90,961	89,312	87,665	96,394	822,951
20													
21 ALLOWED DEBT RETURN	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%
22 DEBT COMPONENT	\$ -	\$ -	\$ 8,007	\$ 19,502	\$ 26,291	\$ 29,340	\$ 28,836	\$ 28,332	\$ 27,828	\$ 27,324	\$ 26,820	\$ 29,491	\$ 251,771
23													
24 TOTAL RETURN REQUIREMENTS	\$ -	\$ -	\$ 34,178	\$ 83,246	\$ 112,228	\$ 125,243	\$ 123,092	\$ 120,940	\$ 118,789	\$ 116,636	\$ 114,485	\$ 125,885	\$ 1,074,722
25													
26 TOTAL DEPRECIATION & RETURN	\$ -	\$ -	\$ 34,178	\$ 228,154	\$ 322,684	\$ 398,952	\$ 396,801	\$ 394,649	\$ 392,498	\$ 390,345	\$ 388,194	\$ 399,594	\$ 3,346,052
27													
28 ESTIMATED FUEL SAVINGS	\$ -	\$ -	\$ 198,000	\$ 197,000	\$ 386,000	\$ 386,000	\$ 288,000	\$ 288,000	\$ 378,000	\$ 287,000	\$ 678,000	\$ 386,000	\$ 3,472,000
29 TOTAL DEPRECIATION & RETURN	\$ -	\$ -	\$ 34,178	\$ 228,154	\$ 322,684	\$ 398,952	\$ 396,801	\$ 394,649	\$ 392,498	\$ 390,345	\$ 388,194	\$ 399,594	\$ 3,346,052
30 NET BENEFIT (COST) TO RATEPAYER	\$ -	\$ -	\$ 163,822	\$ (31,154)	\$ 63,316	\$ (12,952)	\$ (108,801)	\$ (106,649)	\$ (14,498)	\$ (103,345)	\$ 289,806	\$ (13,594)	\$ 125,948

31 DEPRECIATION EXPENSE IS CALCULATED BASED UPON A FIVE YEAR PERIOD

32 RETURN ON AVERAGE INVESTMENT IS CALCULATED USING AN ANNUAL RATE OF 9.4343% (EQUITY 7.2242% . DEBT 2.2101%)

33 THE RATES ARE FROM THE APPROVED 9/11/2013 BASE RATE SETTLEMENT

**BIG BEND UNITS 1-4 IGNITERS CONVERSION TO NATURAL GAS
SCHEDULE OF DEPRECIATION AND RETURN
FOR THE PERIOD JANUARY, 2016 THROUGH DECEMBER, 2016**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 BEGINNING BALANCE	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300
2 ADD INVESTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
3 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
4 ENDING BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
5													
6 AVERAGE BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
7 DEPRECIATION RATE	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%
8 DEPRECIATION EXPENSE	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	173,603	3,816,491
9 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
10 BEGINNING BALANCE DEPRECIATION	2,271,330	2,602,502	2,933,673	3,264,845	3,596,017	3,927,188	4,258,360	4,589,532	4,920,703	5,251,875	5,583,047	5,914,218	2,271,330
11 ENDING BALANCE DEPRECIATION	2,602,502	2,933,673	3,264,845	3,596,017	3,927,188	4,258,360	4,589,532	4,920,703	5,251,875	5,583,047	5,914,218	6,087,821	6,087,821
12													
13 ENDING NET INVESTMENT	17,267,798	16,936,627	16,605,455	16,274,283	15,943,112	15,611,940	15,280,768	14,949,597	14,618,425	14,287,253	13,956,082	13,782,479	
14													
15 AVERAGE INVESTMENT	\$ 17,433,384	\$ 17,102,213	\$ 16,771,041	\$ 16,439,869	\$ 16,108,698	\$ 15,777,526	\$ 15,446,354	\$ 15,115,183	\$ 14,784,011	\$ 14,452,839	\$ 14,121,668	\$ 13,869,280	
16 ALLOWED EQUITY RETURN	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%
17 EQUITY COMPONENT AFTER-TAX	64,301	63,080	61,858	60,637	59,415	58,194	56,972	55,751	54,529	53,308	52,086	51,155	691,286
18 CONVERSION TO PRE-TAX	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220
19 EQUITY COMPONENT PRE-TAX	104,952	102,959	100,965	98,972	96,977	94,984	92,990	90,997	89,002	87,009	85,015	83,495	1,128,317
20													
21 ALLOWED DEBT RETURN	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%
22 DEBT COMPONENT	\$ 32,108	\$ 31,499	\$ 30,889	\$ 30,279	\$ 29,669	\$ 29,059	\$ 28,449	\$ 27,839	\$ 27,229	\$ 26,619	\$ 26,009	\$ 25,544	345,192
23													
24 TOTAL RETURN REQUIREMENTS	\$ 137,060	\$ 134,458	\$ 131,854	\$ 129,251	\$ 126,646	\$ 124,043	\$ 121,439	\$ 118,836	\$ 116,231	\$ 113,628	\$ 111,024	\$ 109,039	1,473,509
25													
26 TOTAL DEPRECIATION & RETURN	\$ 468,232	\$ 465,630	\$ 463,026	\$ 460,423	\$ 457,818	\$ 455,215	\$ 452,611	\$ 450,008	\$ 447,403	\$ 444,800	\$ 442,196	\$ 282,642	5,290,000
27													
28 ESTIMATED FUEL SAVINGS	\$ 378,000	\$ 375,000	\$ 655,000	\$ 471,000	\$ 464,000	\$ 368,000	\$ 370,000	\$ 367,000	\$ 368,000	\$ 368,000	\$ 558,000	\$ 548,000	\$ 5,290,000
29 TOTAL DEPRECIATION & RETURN	\$ 468,232	\$ 465,630	\$ 463,026	\$ 460,423	\$ 457,818	\$ 455,215	\$ 452,611	\$ 450,008	\$ 447,403	\$ 444,800	\$ 442,196	\$ 282,642	\$ 5,290,000
30 NET BENEFIT (COST) TO RATEPAYER	\$ (90,232)	\$ (90,630)	\$ 191,974	\$ 10,577	\$ 6,182	\$ (87,215)	\$ (82,611)	\$ (83,008)	\$ (79,403)	\$ (76,800)	\$ 115,804	\$ 265,358	\$ (0)
31 AVAILABLE FOR RECOVERY	\$ (90,232)	\$ (180,861)	\$ 11,113	\$ 21,690	\$ 27,873	\$ (59,342)	\$ (141,953)	\$ (224,960)	\$ (304,363)	\$ (381,163)	\$ (265,358)	\$ (0)	\$ (0)
32 DEPRECIATION EXPENSE IS CALCULATED BASED UPON A FIVE YEAR PERIOD													
33 RETURN ON AVERAGE INVESTMENT IS CALCULATED USING AN ANNUAL RATE OF 9.4343% (EQUITY 7.2242% , DEBT 2.2101%)													
34 THE RATES ARE FROM THE APPROVED 9/11/2013 BASE RATE SETTLEMENT													

**BIG BEND UNITS 1-4 IGNITERS CONVERSION TO NATURAL GAS
SCHEDULE OF DEPRECIATION AND RETURN
FOR THE PERIOD JANUARY, 2017 THROUGH DECEMBER, 2017**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 BEGINNING BALANCE	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300
2 ADD INVESTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
3 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
4 ENDING BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
5													
6 AVERAGE BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
7 DEPRECIATION RATE	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%
8 DEPRECIATION EXPENSE	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	97,402	(0)	3,409,118
9 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
10 BEGINNING BALANCE DEPRECIATION	6,087,821	6,418,993	6,750,164	7,081,336	7,412,508	7,743,679	8,074,851	8,406,023	8,737,194	9,068,366	9,399,538	9,496,939	6,087,821
11 ENDING BALANCE DEPRECIATION	6,418,993	6,750,164	7,081,336	7,412,508	7,743,679	8,074,851	8,406,023	8,737,194	9,068,366	9,399,538	9,496,939	9,496,939	9,496,939
12													
13 ENDING NET INVESTMENT	13,451,307	13,120,136	12,788,964	12,457,792	12,126,621	11,795,449	11,464,277	11,133,106	10,801,934	10,470,762	10,373,361	10,373,361	-
14													
15 AVERAGE INVESTMENT	\$ 13,616,893	\$ 13,285,722	\$ 12,954,550	\$ 12,623,378	\$ 12,292,207	\$ 11,961,035	\$ 11,629,863	\$ 11,298,692	\$ 10,967,520	\$ 10,636,348	\$ 10,422,062	\$ 10,373,361	
16 ALLOWED EQUITY RETURN	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%
17 EQUITY COMPONENT AFTER-TAX	50,224	49,003	47,781	46,560	45,338	44,117	42,895	41,674	40,452	39,231	38,441	38,261	523,977
18 CONVERSION TO PRE-TAX	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220
19 EQUITY COMPONENT PRE-TAX	81,976	79,983	77,988	75,995	74,001	72,008	70,013	68,020	66,026	64,033	62,743	62,450	855,236
20													
21 ALLOWED DEBT RETURN	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%
22 DEBT COMPONENT	\$ 25,079	\$ 24,469	\$ 23,859	\$ 23,249	\$ 22,640	\$ 22,030	\$ 21,420	\$ 20,810	\$ 20,200	\$ 19,590	\$ 19,195	\$ 19,105	\$ 261,646
23													
24 TOTAL RETURN REQUIREMENTS	\$ 107,055	\$ 104,452	\$ 101,847	\$ 99,244	\$ 96,641	\$ 94,038	\$ 91,433	\$ 88,830	\$ 86,226	\$ 83,623	\$ 81,938	\$ 81,555	\$ 1,116,882
25													
26 TOTAL DEPRECIATION & RETURN	\$ 438,227	\$ 435,624	\$ 433,019	\$ 430,416	\$ 427,813	\$ 425,210	\$ 422,605	\$ 420,002	\$ 417,398	\$ 414,795	\$ 179,340	\$ 81,555	\$ 4,526,000
27													
28 ESTIMATED FUEL SAVINGS	\$ 283,000	\$ 489,000	\$ 497,000	\$ 301,000	\$ 202,000	\$ 396,000	\$ 296,000	\$ 295,000	\$ 402,000	\$ 486,000	\$ 394,000	\$ 485,000	\$ 4,526,000
29 TOTAL DEPRECIATION & RETURN	\$ 438,227	\$ 435,624	\$ 433,019	\$ 430,416	\$ 427,813	\$ 425,210	\$ 422,605	\$ 420,002	\$ 417,398	\$ 414,795	\$ 179,340	\$ 81,555	\$ 4,526,000
30 NET BENEFIT (COST) TO RATEPAYER	\$ (155,227)	\$ 53,376	\$ 63,981	\$ (129,416)	\$ (225,813)	\$ (29,210)	\$ (126,605)	\$ (125,002)	\$ (15,398)	\$ 71,205	\$ 214,660	\$ 403,445	\$ (0)
31 AVAILABLE FOR RECOVERY	\$ (155,227)	\$ (101,850)	\$ (37,869)	\$ (167,285)	\$ (393,097)	\$ (422,307)	\$ (548,912)	\$ (673,913)	\$ (689,311)	\$ (618,106)	\$ (403,445)	\$ (0)	\$ (0)
32 DEPRECIATION EXPENSE IS CALCULATED BASED UPON A FIVE YEAR PERIOD													
33 RETURN ON AVERAGE INVESTMENT IS CALCULATED USING AN ANNUAL RATE OF 9.4343% (EQUITY 7.2242% , DEBT 2.2101%)													
34 THE RATES ARE FROM THE APPROVED 9/11/2013 BASE RATE SETTLEMENT													

**BIG BEND UNITS 1-4 IGNITERS CONVERSION TO NATURAL GAS
SCHEDULE OF DEPRECIATION AND RETURN
FOR THE PERIOD JANUARY, 2018 THROUGH DECEMBER, 2018**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 BEGINNING BALANCE	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300
2 ADD INVESTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
3 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
4 ENDING BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
5													
6 AVERAGE BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
7 DEPRECIATION RATE	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%
8 DEPRECIATION EXPENSE	311,671	612,302	421,365	323,292	527,639	329,005	328,590	338,211	434,248	407,908	331,172	331,172	4,696,571
9 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
10 BEGINNING BALANCE DEPRECIATION	9,496,939	9,808,610	10,420,911	10,842,276	11,165,568	11,693,206	12,022,211	12,350,801	12,689,011	13,123,259	13,531,167	13,862,338	9,496,939
11 ENDING BALANCE DEPRECIATION	9,808,610	10,420,911	10,842,276	11,165,568	11,693,206	12,022,211	12,350,801	12,689,011	13,123,259	13,531,167	13,862,338	14,193,510	14,193,510
12													
13 ENDING NET INVESTMENT	10,061,690	9,449,389	9,028,024	8,704,732	8,177,094	7,848,089	7,519,499	7,181,289	6,747,041	6,339,133	6,007,962	5,676,790	
14													
15 AVERAGE INVESTMENT	\$ 10,217,526	\$ 9,755,540	\$ 9,238,706	\$ 8,866,378	\$ 8,440,913	\$ 8,012,591	\$ 7,683,794	\$ 7,350,394	\$ 6,964,165	\$ 6,543,087	\$ 6,173,547	\$ 5,842,376	
16 ALLOWED EQUITY RETURN	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	
17 EQUITY COMPONENT AFTER-TAX	37,686	35,982	34,076	32,703	31,133	29,554	28,341	27,111	25,687	24,133	22,770	21,549	350,725
18 CONVERSION TO PRE-TAX	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	
19 EQUITY COMPONENT PRE-TAX	61,511	58,730	55,619	53,378	50,815	48,238	46,258	44,251	41,926	39,390	37,165	35,172	572,453
20													
21 ALLOWED DEBT RETURN	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	
22 DEBT COMPONENT	\$ 18,818	\$ 17,968	\$ 17,016	\$ 16,330	\$ 15,546	\$ 14,757	\$ 14,152	\$ 13,538	\$ 12,826	\$ 12,051	\$ 11,370	\$ 10,760	\$ 175,132
23													
24 TOTAL RETURN REQUIREMENTS	\$ 80,329	\$ 76,698	\$ 72,635	\$ 69,708	\$ 66,361	\$ 62,995	\$ 60,410	\$ 57,789	\$ 54,752	\$ 51,441	\$ 48,535	\$ 45,932	\$ 747,585
25													
26 TOTAL DEPRECIATION & RETURN	\$ 392,000	\$ 689,000	\$ 494,000	\$ 393,000	\$ 594,000	\$ 392,000	\$ 389,000	\$ 396,000	\$ 489,000	\$ 459,349	\$ 379,707	\$ 377,104	\$ 5,444,156
27													
28 ESTIMATED FUEL SAVINGS	\$ 392,000	\$ 689,000	\$ 494,000	\$ 393,000	\$ 594,000	\$ 392,000	\$ 389,000	\$ 396,000	\$ 489,000	\$ 487,000	\$ 495,000	\$ 593,000	\$ 5,803,000
29 TOTAL DEPRECIATION & RETURN	\$ 392,000	\$ 689,000	\$ 494,000	\$ 393,000	\$ 594,000	\$ 392,000	\$ 389,000	\$ 396,000	\$ 489,000	\$ 459,349	\$ 379,707	\$ 377,104	\$ 5,444,156
30 NET BENEFIT (COST) TO RATEPAYER	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,651	\$ 115,293	\$ 215,896	\$ 358,844

31 DEPRECIATION EXPENSE IS CALCULATED BASED UPON A FIVE YEAR PERIOD

32 RETURN ON AVERAGE INVESTMENT IS CALCULATED USING AN ANNUAL RATE OF 9.4343% (EQUITY 7.2242% , DEBT 2.2101%)

33 THE RATES ARE FROM THE MAY 2013 SURVEILLANCE REPORT PER THE WACC STIPULATION & SETTLEMENT AGREEMENT (JULY 17, 2012)

**BIG BEND UNITS 1-4 IGNITERS CONVERSION TO NATURAL GAS
SCHEDULE OF DEPRECIATION AND RETURN
FOR THE PERIOD JANUARY, 2019 THROUGH DECEMBER, 2019**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 BEGINNING BALANCE	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300
2 ADD INVESTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
3 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
4 ENDING BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
5													
6 AVERAGE BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
7 DEPRECIATION RATE	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%
8 DEPRECIATION EXPENSE	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	331,172	3,974,060
9 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
10 BEGINNING BALANCE DEPRECIATION	14,193,510	14,524,682	14,855,853	15,187,025	15,518,197	15,849,368	16,180,540	16,511,712	16,842,883	17,174,055	17,505,227	17,836,398	14,193,510
11 ENDING BALANCE DEPRECIATION	14,524,682	14,855,853	15,187,025	15,518,197	15,849,368	16,180,540	16,511,712	16,842,883	17,174,055	17,505,227	17,836,398	18,167,570	18,167,570
12													
13 ENDING NET INVESTMENT	5,345,618	5,014,447	4,683,275	4,352,103	4,020,932	3,689,760	3,358,588	3,027,417	2,696,245	2,365,073	2,033,902	1,702,730	
14													
15 AVERAGE INVESTMENT	\$ 5,511,204	\$ 5,180,032	\$ 4,848,861	\$ 4,517,689	\$ 4,186,517	\$ 3,855,346	\$ 3,524,174	\$ 3,193,002	\$ 2,861,831	\$ 2,530,659	\$ 2,199,487	\$ 1,868,316	
16 ALLOWED EQUITY RETURN	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	
17 EQUITY COMPONENT AFTER-TAX	20,327	19,106	17,884	16,663	15,442	14,220	12,999	11,777	10,556	9,334	8,113	6,891	163,312
18 CONVERSION TO PRE-TAX	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	
19 EQUITY COMPONENT PRE-TAX	33,178	31,185	29,190	27,197	25,204	23,210	21,217	19,222	17,230	15,235	13,242	11,247	266,557
20													
21 ALLOWED DEBT RETURN	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	
22 DEBT COMPONENT	\$ 10,150	\$ 9,540	\$ 8,931	\$ 8,321	\$ 7,711	\$ 7,101	\$ 6,491	\$ 5,881	\$ 5,271	\$ 4,661	\$ 4,051	\$ 3,441	\$ 81,550
23													
24 TOTAL RETURN REQUIREMENTS	\$ 43,328	\$ 40,725	\$ 38,121	\$ 35,518	\$ 32,915	\$ 30,311	\$ 27,708	\$ 25,103	\$ 22,501	\$ 19,896	\$ 17,293	\$ 14,688	\$ 348,107
25													
26 TOTAL DEPRECIATION & RETURN	\$ 374,500	\$ 371,897	\$ 369,293	\$ 366,690	\$ 364,087	\$ 361,483	\$ 358,880	\$ 356,275	\$ 353,673	\$ 351,068	\$ 348,465	\$ 345,860	\$ 4,322,167
27													
28 ESTIMATED FUEL SAVINGS	\$ 313,000	\$ 313,000	\$ 616,000	\$ 313,000	\$ 515,000	\$ 412,000	\$ 413,000	\$ 308,000	\$ 308,000	\$ 413,000	\$ 415,000	\$ 515,000	\$ 4,854,000
29 TOTAL DEPRECIATION & RETURN	\$ 374,500	\$ 371,897	\$ 369,293	\$ 366,690	\$ 364,087	\$ 361,483	\$ 358,880	\$ 356,275	\$ 353,673	\$ 351,068	\$ 348,465	\$ 345,860	\$ 4,322,167
30 NET BENEFIT (COST) TO RATEPAYER	\$ (61,500)	\$ (58,897)	\$ 246,707	\$ (53,690)	\$ 150,913	\$ 50,517	\$ 54,120	\$ (48,275)	\$ (45,673)	\$ 61,932	\$ 66,535	\$ 169,140	\$ 531,833

31 DEPRECIATION EXPENSE IS CALCULATED BASED UPON A FIVE YEAR PERIOD

32 RETURN ON AVERAGE INVESTMENT IS CALCULATED USING AN ANNUAL RATE OF 9.4343%(EQUITY 7.2242% , DEBT 2.2101%)

33 THE RATES ARE FROM THE APPROVED 9/11/2013 BASE RATE SETTLEMENT

**BIG BEND UNITS 1-4 IGNITERS CONVERSION TO NATURAL GAS
SCHEDULE OF DEPRECIATION AND RETURN
FOR THE PERIOD JANUARY, 2020 THROUGH DECEMBER, 2020**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1 BEGINNING BALANCE	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300	\$ 19,870,300
2 ADD INVESTMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
3 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
4 ENDING BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
5													
6 AVERAGE BALANCE	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300	19,870,300
7 DEPRECIATION RATE	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%	1.666667%
8 DEPRECIATION EXPENSE	331,172	331,172	331,172	186,264	120,716	57,463	57,463	57,463	57,463	57,463	57,463	57,460	1,702,730
9 LESS RETIREMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-
10 BEGINNING BALANCE DEPRECIATION	18,167,570	18,498,742	18,829,913	19,161,085	19,347,349	19,468,064	19,525,527	19,582,990	19,640,452	19,697,915	19,755,378	19,812,840	18,167,570
11 ENDING BALANCE DEPRECIATION	18,498,742	18,829,913	19,161,085	19,347,349	19,468,064	19,525,527	19,582,990	19,640,452	19,697,915	19,755,378	19,812,840	19,870,300	19,870,300
12													
13 ENDING NET INVESTMENT	1,371,558	1,040,387	709,215	522,951	402,236	344,773	287,310	229,848	172,385	114,922	57,460	(0)	
14													
15 AVERAGE INVESTMENT	\$ 1,537,144	\$ 1,205,972	\$ 874,801	\$ 616,083	\$ 462,593	\$ 373,504	\$ 316,042	\$ 258,579	\$ 201,116	\$ 143,654	\$ 86,191	\$ 28,730	
16 ALLOWED EQUITY RETURN	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%	.36884%
17 EQUITY COMPONENT AFTER-TAX	5,670	4,448	3,227	2,272	1,706	1,378	1,166	954	742	530	318	106	22,517
18 CONVERSION TO PRE-TAX	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220	1.63220
19 EQUITY COMPONENT PRE-TAX	9,255	7,260	5,267	3,708	2,785	2,249	1,903	1,557	1,211	865	519	173	36,752
20													
21 ALLOWED DEBT RETURN	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%	.18418%
22 DEBT COMPONENT	\$ 2,831	\$ 2,221	\$ 1,611	\$ 1,135	\$ 852	\$ 688	\$ 582	\$ 476	\$ 370	\$ 265	\$ 159	\$ 53	11,243
23													
24 TOTAL RETURN REQUIREMENTS	\$ 12,086	\$ 9,481	\$ 6,878	\$ 4,843	\$ 3,637	\$ 2,937	\$ 2,485	\$ 2,033	\$ 1,581	\$ 1,130	\$ 678	\$ 226	47,995
25													
26 TOTAL DEPRECIATION & RETURN	\$ 343,258	\$ 340,653	\$ 338,050	\$ 191,107	\$ 124,353	\$ 60,400	\$ 59,948	\$ 59,496	\$ 59,044	\$ 58,593	\$ 58,141	\$ 57,686	1,750,725
27													
28 ESTIMATED FUEL SAVINGS	\$ 417,000	\$ 618,000	\$ 521,000	\$ 515,000	\$ 416,000	\$ 513,000	\$ 515,000	\$ 616,000	\$ 511,000	\$ 515,000	\$ 625,000	\$ 723,000	6,505,000
29 TOTAL DEPRECIATION & RETURN	\$ 343,258	\$ 340,653	\$ 338,050	\$ 191,107	\$ 124,353	\$ 60,400	\$ 59,948	\$ 59,496	\$ 59,044	\$ 58,593	\$ 58,141	\$ 57,686	1,750,725
30 NET BENEFIT (COST) TO RATEPAYER	\$ 73,742	\$ 277,347	\$ 182,950	\$ 323,893	\$ 291,647	\$ 452,600	\$ 455,052	\$ 556,504	\$ 451,956	\$ 456,407	\$ 566,859	\$ 665,314	4,754,275
31 DEPRECIATION EXPENSE IS CALCULATED BASED UPON A FIVE YEAR PERIOD													
32 RETURN ON AVERAGE INVESTMENT IS CALCULATED USING AN ANNUAL RATE OF 9.4343%(EQUITY 7.2242% , DEBT 2.2101%)													
33 THE RATES ARE FROM THE APPROVED 9/11/2013 BASE RATE SETTLEMENT													