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April 19, 2016

VIA: ELECTRONIC FILING

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 Extend on a Permanent Basis its
Economic Development Rider; Docket No. 160059-EI

Dear Ms. Stauffer:

We want to provide some clarification on behalf of Tampa Electric Company regarding paragraph 7 of the company's petition in this proceeding. That paragraph reads as follows:

"7. Consistent with the approval given to the pilot EDR in the Commission's approval of the Settlement, Tampa Electric requests that the Commission find and determine that its approval of the proposed extension of the company's EDR tariff on a permanent basis satisfies the requirements of Commission Rule 25-6.0426(3)-(6), F.A.C., and, accordingly, the reductions afforded in these tariffs shall be included as a cost in the company's cost of service for all ratemaking purposes and surveillance reporting."

Cost of service practitioners refer to all inputs (whether revenues, expenses, liabilities, etc.) as "costs". It is important to understand and make a distinction between the words "costs" and "expenses" when referring to discounts applied to revenues that would have been recovered from an EDR customer under standard tariff rates. The \$134,000 incentive discount amount referred to in paragraph 4 of the petition is a "cost" with regard to cost of service, and Tampa Electric would propose to include recovery of it in the company's next cost of service study filed with a future rate proceeding.

Tampa Electric is excluding this "discount" cost now and going forward from the revenues reported in the surveillance report for EDR customers. The conclusion of the sentence in paragraph 7 is not intended to imply that the revenue discount is an "expense" for surveillance

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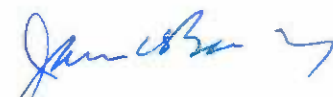
reporting purposes to be included in that EDR expense line in the surveillance report. Paragraph 7 might have better said:

"and accordingly, the reductions afforded in these tariffs shall be included as a cost in the company's cost of service for all ratemaking purposes and the actual discounted revenues collected in surveillance reporting."

Further, Tampa Electric fully expects that the inclusion and amount included of any discounted revenues as a cost in a future rate proceeding would be subject to determination by the Commission under the language provided in Commission Rule 35-6.042(3)-(6), F.A.C.

We trust this clarifies the intent of paragraph 7 of Tampa Electric's petition. Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Attachment

cc: Elisabeth Draper
Paula Brown