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Subject: Docket No. 080317-EI
Attachments: FIPUG PHS 12.23.08.pdf

In accordance with the electronic filing procedures of the Florida Public Service Commission, the following filing is made:

- a. The name, address, telephone number and email for the person responsible for the filing is:

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- b. This filing is made in Docket No. 080317-EI, In re: Petition for Rate Increase by Tampa Electric Company.
- c. The document is filed on behalf of Florida Industrial Power Users Group.
- d. The total pages in the document are 22 pages.
- e. The attached document is The Florida Industrial Power Users Group's Prehearing Statement.

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FPSC-COMMISSION CLERK

12/23/2008

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase
by Tampa Electric Company.

DOCKET NO. 080317-EI
FILED: December 23, 2008

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-08-0557-PCO-FI, as modified by Order No. PSC-08-0635-PCO-EI, files its Prehearing Statement.

A. APPEARANCES:

JON MOYLE, JR.
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On Behalf of the Florida Industrial Power Users Group

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Tom Herndon	Current financial conditions appropriate ROE for TECO, bond ratings	35, 36, 37
Jeffry Pollock	Revenue requirements, cost of service, revenue allocation, rate design, interruptible rates Transmission Base Rate, Adjustment Clause	2, 39, 41, 52, 63, 69, 78, 80, 83, 84, 86, 87, 88, 101, 103, 104,

C. EXHIBITS

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(TH-1)</u>	Herndon	Resume of Tom Herndon
<u>(JP-1)</u>	Pollock	Historical Plant Outages – Big Bend; Total Planned Outages
<u>(JP-2)</u>	Pollock	Big Bend Station Business Plan
<u>(JP-3)</u>	Pollock	Total Planned Outage Costs - All Plants
<u>(JP-4)</u>	Pollock	Comparison of Incentive Compensation Paid vs. Targeted
<u>(JP-5)</u>	Pollock	Analysis of Characteristics of GSD, GSLD and IS classes
<u>(JP-6)</u>	Pollock	Cost Allocation Using the 12CP - 25% AD Method
<u>(JP-7)</u>	Pollock	Allocation of Production Plant and Fuel Costs Under the 12CP-25% AD Method/Comparison of Net Plant Investment and Fuel Costs by Capacity Type
<u>(JP-8)</u>	Pollock	Analysis of Monthly Peak Demands/Analysis of System Load Characteristics
<u>(JP-9)</u>	Pollock	Reserve Margins as a Percent of Firm Peak Demand

<u>(JP-10)</u>	Pollock	Revised Cost of Service Study
<u>(JP-11)</u>	Pollock	Current Interruptible Credits
<u>(JP-12)</u>	Pollock	Allocation of Interruptible Credits
<u>(JP-13)</u>	Pollock	Proposed Base Revenue Increase
<u>(JP-14)</u>	Pollock	FIPUG Recommended Base Revenue Allocation
<u>(JP-15)</u>	Pollock	Summary of Cost of Service Study at FIPUG Recommended Rates
<u>(JP-16)</u>	Pollock	Cost of Service Study at Present Rates With Interruptible Price at Firm and Big Bend Scrubber and Polk Gasifier Classified on Demand
<u>(JP-17)</u>	Pollock	Transformer Discount
<u>(JP-18)</u>	Pollock	Proposed Net Increase to Non-Firm Rates
<u>(JP-19)</u>	Pollock	Derivation of Revised Contracted Capacity Value

D. STATEMENT OF BASIC POSITION

FIPUG's Statement of Basic Position:

ROE

In this case, TECO seeks to increase rates by over \$228 million. A significant portion of this increase is due to TECO's request for a 12% return on equity (ROE). Given the current financial situation, this request should be rejected outright.

As explained in the testimony of Mr. Herndon, given the favorable regulatory treatment given Florida utilities as well as the fact that TECO collects billions of dollars outside of base rates through guaranteed cost recovery clauses, 12% is excessive. Further, TECO, in contrast to businesses which must compete in the open market, is a monopoly with a captive customer base. All these things greatly reduce its risk and indicate that an ROE of 7.5% is sufficient to allow it to access capital markets and serve its customers. FIPUG does not agree with any position that advocates a higher authorized ROE.

Revenue Reductions

FIPUG does not have the resources to address the many revenue areas raised in TECO's testimony and has filed testimony only in selected areas; this does not mean that FIPUG supports the other increases TECO has requested or believes that TECO has appropriately met its burden as to those requests.

FIPUG recommends that \$17.5 million in reductions be made to reflect the removal of abnormally high expenses for plant outages, to provide for a five-year amortization of actually incurred rate case expense, and to exclude incentive compensation related to the achievement of financial goals which do not benefit ratepayers.

Cost of Service

In this area, FIPUG urges the Commission to:

1. Reject TECO's class cost-of-service study and rate design and maintain the current separate homogeneous (GSLD and IS) customer classes, classify the Big Bend scrubber and Polk gasifier costs to demand, reject the 12CP-25% AD method (which has never been approved by this Commission) and apply the Commission-approved 12CP-1/13th AD method of allocation, and treat interruptible customers as firm for both pricing and costing purposes;
2. Revise TECO's proposed class revenue allocation to follow FIPUG's revised class cost-of-service study and move all rates to cost (*i.e.*, parity);

3. Utilize a firm rate design where demand and energy-related costs are recovered in demand and energy charges, respectively, and appropriate credits are provided to customers taking service at higher voltages;

4. Adopt an interruptible rate design that will provide greater stability, by recognizing that interruptible customers receive a lower quality of service from TECO, that TECO's reserve margin is maintained for the benefit of firm customers, and that the load factor of interruptible customers enables TECO to better utilize its capacity for the benefit of all customers. The Commission should further recognize that there is a ceiling on the rates that can be charged to large customers engaged in competitive enterprises which have a limited ability to absorb power costs and have the capability to provide their own generation; and

5. Reject the fifth piecemeal cost recovery clause, the Transmission Base Rate Adjustment factor, which is not needed, would unnecessarily shift risk to ratepayers, and would allow TECO to over-recover certain transmission rate base additions.

E. STATEMENT OF ISSUES AND POSITIONS:

TEST PERIOD

Issue 1: Is TECO's projected test period of the 12 months ending December 31, 2009 appropriate?

FIPUG: No position at this time.

Issue 2: Are TECO's forecasts of Customers, KWH, and KW by Rate Class for the 2009 projected test year appropriate?

FIPUG: No. TECO's projected growth in sales in 2008 and 2009 is lower than the average 2% growth TECO used for the remainder of the time period. This inappropriately allows TECO to recover increased costs which are not warranted. The sales growth rate should be adjusted to 2%.

QUALITY OF SERVICE

Issue 3: Is the quality of electric service provided by TECO adequate?

FIPUG: No position at this time.

RATE BASE

Issue 4: Has TECO removed all non-utility activities from rate base?

FIPUG: No position at this time.

Issue 5: Is the pro forma adjustment related to the annualization of five simple cycle combustion turbine units to be placed in service in 2009 appropriate?

FIPUG: Agree with OPC.

Issue 6: Should an adjustment be made for the credit from CSX for the Big Bend Rail Project?

FIPUG: Agree with OPC.

Issue 7: Is the pro forma adjustment related to the annualization of the Big Bend Rail Project to be placed into service in December 2009 appropriate?

FIPUG: Agree with OPC.

Issue 8: Should any adjustments be made to TECO's projected level of plant in service?

FIPUG: No position at this time.

Issue 9: Should TECO's requested increase in plant in service for the customer information system be approved?

FIPUG: Agree with OPC.

Issue 10: Is TECO's requested level of Plant in Service in the amount of \$5,483,474,000 for the 2009 projected test year appropriate?

FIPUG: No. This amount should be adjusted to reflect the Commission's decisions in this case.

Issue 11: Is TECO's requested level of accumulated depreciation in the amount of \$1,934,489,000 for the 2009 projected test year appropriate?

FIPUG: No position at this time.

Issue 12: Have all costs recovered through the Environmental Cost Recovery Clause been removed from rate base for the 2009 projected test year?

FIPUG: No position at this time.

Issue 13: Is TECO's requested level of Construction Work in Progress in the amount of \$101,071,000 for the 2009 projected test year appropriate?

FIPUG: No position at this time.

Issue 14: Is TECO's requested level of Property Held for Future Use in the amount of \$37,330,000 for the 2009 projected test year appropriate?

FIPUG: No position at this time.

Issue 15: Should an adjustment be made to TECO's requested deferred dredging cost?

FIPUG: Agree with OPC.

Issue 16: Should an adjustment be made to TECO's requested storm damage reserve, annual accrual and target level?

FIPUG: No position at this time.

Issue 17: Should an adjustment be made to prepaid pension expense in TECO's calculation of working capital?

FIPUG: No position at this time.

Issue 18: Should an adjustment be made to working capital related to Account 143-Other Accounts Receivable?

FIPUG: No position at this time.

Issue 19: Should an adjustment be made to working capital related to Account 146-Accounts Receivable from Associated Companies?

FIPUG: No position at this time.

Issue 20: Should an adjustment be made to rate base for unfunded Other Post-retirement Employee Benefit (OPEB) liability?

FIPUG: No position at this time.

Issue 21: Should an adjustment be made to TECO's coal inventories?

FIPUG: No position at this time.

Issue 22: Should an adjustment be made to TECO's residual oil inventories?

FIPUG: No position at this time.

- Issue 23: Should an adjustment be made to TECO's distillate oil inventories?
- FIPUG: No position at this time.
- Issue 24: Should an adjustment be made to TECO's natural gas and propane inventories?
- FIPUG: No position at this time.
- Issue 25: Has TECO properly reflected the net overrecoveries or net underrecoveries of fuel and conservation expenses in its calculation of working capital?
- FIPUG: No position at this time.
- Issue 26: Should unamortized rate case expense be included in Working Capital?
- FIPUG: No position at this time.
- Issue 27: Is TECO's requested level of Working Capital in the amount of (\$30,586,000) for the 2009 projected test year appropriate?
- FIPUG: No position at this time.
- Issue 28: Is TECO's requested rate base in the amount of \$3,656,800,000 for the 2009 projected test year appropriate?
- FIPUG: No position at this time.

COST OF CAPITAL

- Issue 29: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for the 2009 projected test year?
- FIPUG: No position at this time.
- Issue 30: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the 2009 projected test year?
- FIPUG: No position at this time.
- Issue 31: What is the appropriate amount and cost rate for short-term debt for the 2009 projected test year?
- FIPUG: No position at this time.

Issue 32: Should the TECO's requested pro forma adjustment to equity to offset off-balance sheet purchased power obligations be approved?

FIPUG: Agree with OPC.

Issue 33: What is the appropriate amount and cost rate for long-term debt for the 2009 projected test year?

FIPUG: No position at this time.

Issue 34: What is the appropriate capital structure for the 2009 projected test year?

FIPUG: No position at this time.

Issue 35: Does TECO's requested return on common equity appropriately consider current economic conditions? [FIPUG issue]

FIPUG: No, TECO's request for a 12% return on equity is out of line with current market conditions, TECO's low risk profile, and investor expectations given the current financial situation in this country.

ISSUE 36: Does TECO's requested return on common equity appropriately consider its recovery of funds via the Commission's various cost recovery clauses? [FIPUG issue]

FIPUG: No. TECO recovers a significant portion of its annual operating expenses through special recovery clauses. Billions of dollars flow through these clauses every year and TECO has virtually no exposure as to these expenses as they are fully funded by ratepayers. TECO has ignored this guaranteed recovery in its ROE request.

Issue 37: What is the appropriate return on common equity for the 2009 projected test year?

FIPUG: The appropriate return on equity for TECO, given current conditions, is 7.5%. TECO will be able to attract equity capital at this rate because TECO is a secure utility that operates in a very low risk environment due to its monopoly position and its captive customer base. Further, in these economic times, undue reliance should not be placed on computer modeling; rather, some common sense must be used to determine an appropriate ROE.

Issue 38: What is the appropriate weighted average cost of capital for the 2009 projected test year?

FIPUG: No position at this time.

NET OPERATING INCOME

Issue 39: Is TECO's projected level of Total Operating Revenues in the amount of \$865,359,000 for the 2009 projected test year appropriate?

FIPUG: No. Adjustments must be made to reflect the Commission's decision in this case.

Issue 40: What are the appropriate inflation factors for use in forecasting the test year budget?

FIPUG: No position at this time.

Issue 41: Is TECO's requested level of O&M Expense in the amount of \$370,934,000 for the 2009 projected test year appropriate?

FIPUG: No. The specific adjustments FIPUG has recommended should be used to reduce O&M expense.

Issue 42: Has TECO made the appropriate test year adjustments to remove fuel and purchased power revenues and expenses recoverable through the Fuel and Purchased Power Cost Recovery Clause?

FIPUG: No position at this time.

Issue 43: Has TECO made the appropriate test year adjustments to remove conservation revenues and expenses recoverable through the Conservation Cost Recovery Clause?

FIPUG: No position at this time.

Issue 44: Has TECO made the appropriate test year adjustments to remove capacity revenues and expenses recoverable through the Capacity Cost Recovery Clause?

FIPUG: No position at this time.

Issue 45: Has TECO made the appropriate test year adjustments to remove environmental revenues and expenses recoverable through the Environmental Cost Recovery Clause?

FIPUG: No position at this time.

Issue 46: Should an adjustment be made to advertising expenses for the 2009 projected test year?

FIPUG: No position at this time.

Issue 47: Has TECO made the appropriate adjustments to remove lobbying expenses from the 2009 projected test year?

FIPUG: No position at this time.

Issue 48: Should an adjustment be made to TECO's requested level of Salaries and Employee Benefits for the 2009 projected test year?

FIPUG: No position at this time.

Issue 49: Should an adjustment be made to Other Post Employment Benefits Expense for the 2009 projected test year?

FIPUG: No position at this time.

Issue 50: Should operating expense be reduced to take into account budgeted positions that will be vacant?

FIPUG: No position at this time.

Issue 51: Should operating expense be reduced to take into account TECO's initiatives to improve service reliability?

FIPUG: No position at this time.

Issue 52: Should operating expense be reduced to remove the cost of TECO's incentive compensation plan?

FIPUG: Yes. All compensation that is tied to the financial performance of the operating company and the parent company should be removed. Incentive compensation that is contingent on the parent and/or operating company achieving financial goals, such as net income, cash flow, or other measures benefits shareholders not ratepayers. At a minimum, compensation related to Performance Restricted Shares and Time-Vested Restricted Shares should be removed from the test year. In addition, 100% of officer and key employee cash payments contingent upon TECO Energy achieving a specific net income should also be disallowed. Further, 50% of general employee-based incentive pay should be disallowed because it is based upon financial goals of TECO and TECO Energy. A total of \$9.05 million should be disallowed.

Issue 53: Should operating expense be reduced to take into account new generating units added that are maintained under contractual service agreements?

FIPUG: No position at this time.

- Issue 54: Should an adjustment be made to TECO's generation maintenance expense?
- FIPUG: No position at this time.
- Issue 55: Should an adjustment be made to TECO's substation preventive maintenance expense?
- FIPUG: No position at this time.
- Issue 56: Should an adjustment be made to TECO's request for Dredging expense?
- FIPUG: Agree with OPC.
- Issue 57: Should an adjustment be made to TECO's Economic Development Expense?
- FIPUG: No position at this time.
- Issue 58: Should an adjustment be made to Pension Expense for the 2009 projected test year?
- FIPUG: No position at this time.
- Issue 59: Should an adjustment be made to the accrual for property damage for the 2009 projected test year?
- FIPUG: No position at this time.
- Issue 60: Should an adjustment be made to the accrual for the Injuries & Damages reserve for the 2009 projected test year?
- FIPUG: No position at this time.
- Issue 61: Should an adjustment be made to remove TECO's requested Director's & Officer's Liability Insurance expense?
- FIPUG: No position at this time.
- Issue 62: Should an adjustment be made to reduce meter expense (Account 586) and meter reading expense (Account 902)?
- FIPUG: No position at this time.
- Issue 63: What is the appropriate amount and amortization period for TECO's rate case expense for the 2009 projected test year?

FIPUG: TECO should be required to provide actual, rather than projected rate case expense so that actual expenditures are used to set rate case expense. Because there is generally a long period of time between rate cases, a longer amortization period is more in keeping with TECO's rate case history. Such amortization period should be five years.

Issue 64: Should an adjustment be made to Bad Debt Expense for the 2009 projected test year?

FIPUG: No position at this time.

Issue 65: Should an adjustment be made to Office supplies and expenses for the 2009 projected test year?

FIPUG: No position at this time.

Issue 66: Should an adjustment be made to reduce TECO's tree trimming expense for the 2009 projected test year?

FIPUG: No position at this time.

Issue 67: Should an adjustment be made to reduce TECO's pole inspection expense for the 2009 projected test year?

FIPUG: No position at this time.

Issue 68: Should an adjustment be made to reduce TECO's transmission inspection expense for the 2009 projected test year?

FIPUG: No position at this time.

Issue 69: Should an adjustment be made to O&M expenses to normalize the number of outages TECO has included in the 2009 projected test year?

FIPUG: Yes. TECO has overstated its planned outages in 2009 (particularly at Big Bend) and O & M expenses should be adjusted to reflect normal outage levels. TECO's outage expenses should be reduced by \$8 million.

Issue 70: Is the pro forma adjustment related to amortization of CIS costs associated with required rate case modifications appropriate?

FIPUG: Agree with OPC.

Issue 71: Is the pro forma adjustment related to the annualization of five simple cycle combustion turbine units to be placed in service in 2009 appropriate?

- FIPUG: Agree with OPC.
- Issue 72: Is the pro forma adjustment related to the annualization of rail facilities to be placed in service in 2009 appropriate?
- FIPUG: No position at this time.
- Issue 73: Should any adjustments be made to the 2009 test year depreciation expense to reflect the depreciation rates approved by the Commission in Docket No. 070284-EI?
- FIPUG: No position at this time.
- Issue 74: What is the appropriate amount of Depreciation Expense for the 2009 projected test year?
- FIPUG: No position at this time.
- Issue 75: Should an adjustment be made to Taxes Other Than Income Taxes for the 2009 projected test year?
- FIPUG: No position at this time.
- Issue 76: Is it appropriate to make a parent debt adjustment as per Rule 25-14.004, Florida Administrative Code?
- FIPUG: Yes.
- Issue 77: Should an adjustment be made to Income Tax expense for the 2009 projected test year?
- FIPUG: Yes, an adjustment should be made to reflect the fact that TECO files a consolidated tax return with its parent company.
- Issue 78: Is TECO's projected Net Operating Income in the amount of \$182,970,000 for the 2009 projected test year appropriate?
- FIPUG: No, FIPUG's adjustments, discussed in the prior issues, should be adopted.

REVENUE REQUIREMENTS

- Issue 79: What is the appropriate 2009 projected test year net operating income multiplier for TECO?
- FIPUG: No position at this time.

Issue 80: Is TECO's requested annual operating revenue increase of \$228,167,000 for the 2009 projected test year appropriate?

FIPUG: No, FIPUG's adjustments, discussed in the prior issues, should be adopted.

RATE ISSUES

Issue 81: Did the utility correctly calculate the projected revenues at existing rates?

FIPUG: No position at this time.

Issue 82: Is TECO's proposed Jurisdictional Separation Study appropriate?

FIPUG: No position at this time.

Issue 83: What is the appropriate retail Cost of Service methodology to be used to allocate base rate and cost recovery costs to rate classes?

FIPUG: The Commission should continue to use the 12CP and 1/13 AD cost of service methodology that it has used for many years. This method appropriately allocates production investment and recognizes that load duration is what drives a utility's investment decision.

The Commission should reject the 12CP and 25% AD method TECO proposes. This methodology fails to reflect the basic principle of cost causation and allocates substantial costs beyond the break-even point (the point at which the cost of base/intermediate and peaking capacity is the same; that is, the point at which load duration might impact plant investment decision). Further, this method is inconsistent with the theory of capital substitution. The 12 CP and 25% AD methodology improperly assumes that investment decisions are caused by energy usage which is inaccurate and should be rejected.

Issue 84: Should the investment and expenses related to the Polk Unit 1 gasifier and the environmental costs of the Big Bend Unit scrubber be classified as energy or demand?

FIPUG: Investment and expenses for the Polk Unit 1 gasifier and the environmental costs of the Big Bend Unit scrubber should be classified as demand. The need for power plants is driven by the need to serve peak demand not by energy requirements or environmental issues. As to the Polk gasifier, the entire plant – including the gasifier – was needed to meet peak load growth and reliability. The plant could not operate to provide capacity without the gasifier. Thus, it should be classified as demand.

Similarly, the Big Bend scrubber should be classified as demand because the scrubbers are required to operate the plant. They should not be classified and allocated any differently than the plant.

Issue 85: Is TECO's calculation of unbilled revenues correct?

FIPUG: No position at this time.

Issue 86: What is the appropriate allocation of any change in revenue requirements?

FIPUG: Rates for each class should be set at a level that will recover the cost of serving that class. This would be accomplished by using Mr. Pollock's Exhibit JP-13.

Issue 87: Should the interruptible rate schedules IS-1, IS-3, IST-1, IST-3, SBI-1 and SBI-3 be eliminated? If so, how should rates for customers currently taking service on interruptible rate schedules be designed, including whether a credit approach is appropriate, and if so, how such an approach should be implemented?

FIPUG: No, the interruptible rate schedules should not be eliminated. The easiest and most practical solution to interruptible rate design is to reset the rate to properly reflect the fact that interruptible customers do not receive the full benefit of equipment costs that are increasing, not declining (as prior Commission orders have found) and because interruptible service provides greater reliability for firm customers.

However, if the Commission uses a "credit" approach, the interruptible rate schedules should be designed so that interruptible customers receive a stable credit that does not change between rate cases and which properly values interruptible service. Further, interruptible load is not and should not be treated as a DSM program and there should be no load factor adjustment to the credit. In addition, the credit should not be recovered from the interruptible class, the very customers who are receiving the credit to begin with.

Finally, the credit must be appropriately calculated. When an appropriate calculation is made, the value of the credit is \$13.70/Kw. See Exhibit JP-19.

Issue 88: Should the GS, GSD, GSLD and IS rate schedules be combined under a single GSD rate schedule?

FIPUG: No. Customer classes should be homogeneous in their usage patterns and service characteristics. The GS, GSD, GSLD and IS classes are not homogeneous in key characteristics, including size, load factor, coincidence factor and delivery voltage. Therefore, they should not be combined because to do so would put customers with very different characteristics in the same class.

Issue 89: Is the change in the breakpoint from 49 kW to 9,000 kWh between the GS and GSD rate schedules appropriate?

FIPUG: No, rates that shift cost responsibility to kwh consumption are counterproductive.

Issue 90: What is the appropriate meter level discount to be applied for billing, and to what billing charges should that discount be applied?

FIPUG: No position at this time.

Issue 91: Should an inverted base energy rate be approved for the RS rate schedule?

FIPUG: No position at this time.

Issue 92: Should the existing RST rate schedule be eliminated and the customers currently taking service under the schedule be transferred to service under the RS or RSVP rate schedule?

FIPUG: No position at this time.

Issue 93: Should TECO's proposed single lighting schedule, and associated charges, terms, and conditions be approved?

FIPUG: No position at this time.

Issue 94: Are the two new convenience service connection options and associated connection charges appropriate?

FIPUG: No position at this time.

Issue 95: Are TECO's proposed Reconnect after Disconnect charges at the point of metering and at a point distant from the meter appropriate?

FIPUG: No position at this time.

Issue 96: Is the proposed new meter tampering charge appropriate?

FIPUG: No position at this time.

Issue 97: Is the proposed new \$5 minimum late payment charge appropriate?

FIPUG: No position at this time.

Issue 98: What are the appropriate service charges (initial connection, normal reconnect subsequent subscriber, field credit visit, return check)?

FIPUG: No position at this time.

Issue 99: What is the appropriate temporary service charge?

FIPUG: No position at this time.

Issue 100: What are the appropriate customer charges?

FIPUG: No position at this time.

Issue 101: What are the appropriate demand charges?

FIPUG: The appropriate demand charges are set out in Mr. Pollock's Exhibit JP-16 and recover demand – related costs through the demand charge.

Issue 102: What are the appropriate Standby Service charges?

FIPUG: No position at this time.

Issue 103: Is TECO's proposed change in the application of the transformer ownership discount appropriate?

FIPUG: No. TECO has understated the credit because it has divided the avoided cost by "ratcheted" rather than actual billing demand. The ratcheted demand is assumed to be 22% higher than billing demand. An appropriate credit should reflect actual billing demand.

Issue 104: What is the appropriate transformer ownership discount to be applied for billing?

FIPUG: The appropriate credits are shown in Exhibit JP-17.

Issue 105: What are the appropriate emergency relay service charges?

FIPUG: No position at this time.

Issue 106: What are the appropriate contributions in aid for time of use rate customers opting to make a lump sum payment for a time-of-use meter in lieu of a higher time-of-use customer charge?

Issue 107: What are the appropriate energy charges?

FIPUG: The appropriate non-fuel energy charges are set out in Mr. Pollock's Exhibit JP-16'

Issue 108: What changes in allocation and rate design should be made to TECO's rates established in Docket Nos. 080001-EI, 080002-EG, and 080007-EI to recognize the decisions in various cost of service rate design issues in this docket?

FIPUG: Changes in allocation and rate design made in this docket should be made in the clause recovery dockets.

Issue 109: What are the appropriate monthly rental factors and termination factors to be approved for the Facilities Rental Agreement, Appendix A?

FIPUG: No position at this time.

Issue 110: Is it appropriate to establish a customer specific rate schedule for county (K-12) public schools in this proceeding?

FIPUG: No position at this time.

Issue 111: What is the appropriate effective date for the rates and charges established in this proceeding?

FIPUG: No position at this time.

OTHER ISSUES

Issue 112: Should TECO's request to establish a Transmission Base Rate Adjustment mechanism be approved?

FIPUG: No. TECO already has 4 separate cost recovery clauses and there is no need to add an additional clause which will exacerbate TECO's ability to change rates outside of a rate case. Transmission investment does not meet any of the criteria for a recovery clause – it is not material, volatile or beyond TECO's control. Thus, an additional recovery clause is inappropriate.

Issue 113: Should TECO be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

FIPUG: No position at this time.

Issue 114: Should this docket be closed?

FIPUG: No position at this time.

F. STIPULATED ISSUES

FIPUG: None at this time.

G. PENDING MOTIONS

FIPUG: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

FIPUG: None at this time.

I. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT.

FIPUG: None at this time.

K. REQUIREMENTS THAT CANNOT BE COMPLIED WITH.

FIPUG: None at this time.

I. OTHER

FIPUG:

1. FIPUG requests that Mr. Pollock assigned a date and time certain for his appearance.
2. FIPUG requests that Mr. Pollock be permitted to provide a summary of ten (10) minutes when he takes the stand at the hearing.

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Prehearing Statement was furnished to the following by electronic and U. S. mail this 23rd day of December, 2008:

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