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February 10, 1995

HAND DELIVERED

Tallahassee

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause
with Generating Performance Incentive Factor;
FPSC Docket No. 950001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are fifteen (15)
copies of each of the following:

- ACK _____
 - AFA _____
 - ALP _____
 - CME _____
 - CMU _____
 - CER _____
 - ENG *Quilley* _____
 - LER *4/1* _____
 - LES *Red 49* _____
 - GRS _____
1. Revised Prepared Direct Testimony of W. N. Cantrell which we would ask that you substitute for the testimony filed on January 17, 1995. [NOTE: The only change is a correction to Mr. Cantrell's employment history with Tampa Electric.]
 2. Revised page 8 of the Prepared Direct Testimony of Mary Jo Pennino which we would ask that you insert in the testimony filed on January 17, 1995. [NOTE: The only change is to substitute "Big Bend Units 1-4" in place of "Big Bend Units 1-3."]
- Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

ROB _____ Thank you for your assistance in connection with this matter
SOP *1* _____
WAS _____
OTH _____

Sincerely,

James D. Beasley
James D. Beasley
Cantrell

RECEIVED & FILED
ICF

JDB/pp
Enclosures

DOCUMENT NUMBER-DATE

cc: All parties of record (w/enc.) **01618 FEB 10 95**

FPSC-RECORDS/REPORTING

DOCUMENT NUMBER-DATE
01619 FEB 10 95
FPSC-RECORDS/REPORTING

TAMPA ELECTRIC COMPANY
DOCKET NO. 950001-EI
OIL BACKOUT
SUBMITTED FOR FILING 01/17/95
REVISED 02/09/95

ORIGINAL
FILE COPY

TAMPA ELECTRIC COMPANY
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950001-EI

Re: Levelized Oil Backout Cost Recovery Factor
April 1995 - September 1995

TESTIMONY AND EXHIBITS OF:

W. N. Cantrell

DOCUMENT NUMBER-DATE

01618 FEB 10 1995

FPSC-RECORDS/REPORTING

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1 Director of Fuels. In 1987, I was elected Vice President
2 of the company. In 1994, I was elected to my current
3 position as Vice President-Energy Supply.

4
5 Q. Will you describe some of the responsibilities of your
6 present position?

7
8 A. As Vice President - Energy Supply, I am responsible for the
9 engineering, operation, maintenance, and construction of
10 the power production facilities including safety of
11 personnel and equipment, security, training, control of
12 costs, and various personnel and administrative functions.
13 I am also responsible for environmental matters and fuel
14 procurement.

15
16 Q. Mr. Cantrell, what is the objective of your testimony?

17
18 A. The objective of my testimony is to present the cost
19 associated with the conversion of four of Tampa Electric
20 Company's generating units from oil to coal. In addition,
21 I will sponsor the calculation of the operation and
22 maintenance expense differential and the determination of
23 fuel savings for the projection period and the projected
24 payoff period.

25

3
4 A. Ms. Elizabeth Townes is sponsoring the overall calculation
5 of the company's Oil Backout Cost Recovery Factor for the
6 period April 1995 - September 1995, as well as the
7 estimated payoff period for the total project. In these
8 calculations, Ms. Townes develops the basic revenue
9 requirements of the project using the actual cost of the
10 conversion assets, and my projection of the operation and
11 maintenance expense differential and the fuel savings
12 resulting from the conversion. Kilowatt-hour sales and
13 fuel costs are consistent with those used in the company's
14 fuel adjustment filing.

15
16 Q. Have you prepared documents in support of your testimony?

17
18 A. Yes. I have prepared portions of documents which are
19 included in a composite Exhibit No. (WNC/EAT-2) titled
20 "Schedules Supporting Oil Backout Cost Recovery Factor" and

1 A. The conversion of Gannon units 1 through 4 from oil to coal
2 is complete. The units were placed into commercial service
3 as follows:

4
5 Unit 1 October 6, 1985
6 Unit 2 May 23, 1985
7 Unit 3 July 12, 1984
8 Unit 4 November 7, 1983
9

10 Q. What is the cost of the Oil Backout assets which are
11 included in the cost recovery computation in this
12 proceeding?
13

14 A. The total cost of the conversion project to be recovered
15 through the Clause is \$140.5 million. No additional
16 expenditures are anticipated.
17

18 Q. What are the projected fuel savings which will occur as a
19 result of the operation of the converted Gannon units
20 during the projection period?
21

22 A. As shown on Line 4 of Document 1, total fuel savings
23 resulting from the project for the period April 1995 -
24 September 1995 are expected to be \$266,530. This amount is
25 based upon the difference in fuel expenses from production

1 costing runs which simulate dispatch of all generating
2 units with and without the conversion of the Gannon units.
3 The assumptions for sales, unit ratings, heat rates, coal
4 and No. 6 oil prices and availability factors are
5 consistent with those used by the company in its fuel
6 adjustment filing in this docket.

7
8 Q. Have you calculated the projected operating and maintenance
9 expense differential of the project for April 1995 -
10 September 1995?

11
12 A. Yes, I have calculated the operation and maintenance
13 expense differential for this period to be \$2,057,435 as
14 shown on line 9 of Document 1.

15
16 Q. Please explain how the operation and maintenance expense
17 differential was calculated.

18
19 A. The operation and maintenance differential consists of the
20 oil/non-oil operating expense differential and other
21 projected costs resulting from the Oil Backout project.
22 This differential was calculated by applying a percentage
23 representing the increased operation and maintenance costs
24 associated with coal-firing to total projected operation
25 and maintenance expenses pertaining to the converted Gannon

1 is based on long-term fuel price and energy projections
2 prepared in conjunction with this current fuel adjustment
3 clause filing.

4
5 Q. Does this conclude your testimony?

6
7 A. Yes.

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