

AUSLEY & MCMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET  
P.O. BOX 391 (ZIP 32302)  
TALLAHASSEE, FLORIDA 32301  
(850) 224-9115 FAX (850) 222-7560

ORIGINAL

April 23, 2001

HAND DELIVERED

RECEIVED-PPSC  
01 APR 23 PM 1:44  
RECORDS AND  
REPORTING

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Calculation of gains and appropriate regulatory treatment for non-separated wholesale energy sales by investor-owned electric utilities; FPSC Docket No. 010283-EI

Dear Ms. Bayo:

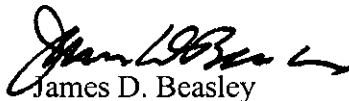
Enclosed for filing in the above docket, on behalf of Tampa Electric Company, are the original and fifteen (15) copies of each of the following:

- 1. Prepared Direct Testimony of J. Denise Jordan. 05047-01
- 2. Prepared Direct Testimony of W. Lynn Brown. 05048-01

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

APP \_\_\_\_\_  
CAF \_\_\_\_\_  
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COM 3/20  
CTR \_\_\_\_\_  
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SEC I  
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OTH \_\_\_\_\_

JDB/pp  
Enclosures

cc: All Parties of Record (w/enc.)

RECEIVED & FILED

Man  
FPSC-BUREAU OF RECORDS

Ms. Blanca S. Bayo  
April 23, 2001  
Page Two

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prepared Direct Testimony of W. Lynn Brown and J. Denise Jordan has been served by hand delivery (\*) or U. S. Mail on this 23<sup>rd</sup> day of April 2001 to the following:

Mr. Wm. Cochran Keating\*  
Staff Counsel  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Mr. Robert Vandiver  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Suite 812  
Tallahassee, FL 32399-1400

Ms. Vicki Gordon Kaufman  
Mr. Joseph A. McGlothlin  
McWhirter, Reeves, McGlothlin, Davidson,  
Decker, Kaufman, Arnold & Steen, P.A.  
117 S. Gadsden Street  
Tallahassee, FL 32301

Mr. James A. McGee  
Senior Counsel  
Florida Power Corporation  
Post Office Box 14042  
St. Petersburg, FL 33733

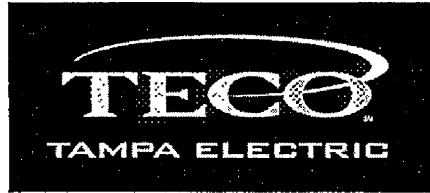
Mr. Matthew M. Childs  
Steel Hector & Davis  
215 South Monroe Street – Suite 601  
Tallahassee, FL 32301

Mr. John W. McWhirter, Jr.  
McWhirter, Reeves, McGlothlin, Davidson,  
Decker, Kaufman, Arnold & Steen, P.A.  
Post Office Box 3350  
Tampa, FL 33601

Ms. Susan Ritenour  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520

Mr. Jeffrey A. Stone  
Beggs & Lane  
Post Office Box 12950  
Pensacola, FL 32576

  
\_\_\_\_\_  
ATTORNEY



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 010283-EI

IN RE: CALCULATION OF GAINS AND  
APPROPRIATE REGULATORY TREATMENT FOR  
NON-SEPARATED WHOLESALE ENERGY SALES  
BY INVESTOR-OWNED ELECTRIC UTILITIES

TESTIMONY

OF

J. DENISE JORDAN

DOCUMENT NUMBER - DATE

05047 APR 23 8

FPSC-RECORDS/REPORTING

1                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                               PREPARED DIRECT TESTIMONY

3   OF

4   J. DENISE JORDAN

5  
6    **Q.**    Please state your name, address, occupation and employer.

7  
8    **A.**    My name is J. Denise Jordan. My business address is 702  
9            North Franklin Street, Tampa, Florida 33602. I am  
10           employed by Tampa Electric Company ("Tampa Electric" or  
11           "company") in the position of Director, Rates and  
12           Planning in the Regulatory Affairs Department.

13  
14   **Q.**    Please provide a brief outline of your educational  
15           background and business experience.

16  
17   **A.**    I received a Bachelor of Mechanical Engineering degree in  
18           1987 from Georgia Institute of Technology in Atlanta,  
19           Georgia. Prior to joining Tampa Electric, I accumulated  
20           13 years of electric utility experience working for  
21           Florida Power Corporation in the areas of rate design and  
22           administration, demand-side management implementation,  
23           commercial and industrial account management, customer  
24           service and marketing. In April 2000, I joined Tampa  
25           Electric as Manager, Electric Regulatory Affairs. In

1 February 2001, I was promoted to Director, Rates and  
2 Planning. My present responsibilities include the areas  
3 of fuel and purchased power, capacity, environmental and  
4 energy conservation cost recovery clauses, and rate  
5 design and analyses.

6  
7 Q. What is the purpose of your testimony?

8  
9 A. The purpose of my testimony is to address the calculation  
10 of gains for non-separated wholesale sales. In addition,  
11 I will address the regulatory treatment of revenues,  
12 expenses and gains associated with these sales. These  
13 are the outstanding issues that remain after the Florida  
14 Public Service Commission's ("Commission") proposed  
15 agency action in Part III of Order No. PSC-00-1744-PAA  
16 ("Order No. 00-1744") issued on September 26, 2000 in  
17 Docket No. 991779-EI.

18  
19 Q. Have you reviewed the regulatory treatment of revenues  
20 and expenses of non-separated wholesale sales recommended  
21 by Commission Staff and approved by the Commission in the  
22 proposed agency action portion of Order No. 00-1744 that  
23 gave rise to this proceeding?

24  
25 A. Yes, I have.

1 Q. What is Tampa Electric's position regarding that proposed  
2 regulatory treatment?

3

4 A. Tampa Electric agrees with the regulatory treatment  
5 recommended by the Commission Staff and proposed in Order  
6 No. 00-1744. It is consistent with the approach proposed  
7 by Tampa Electric in Docket No. 991779-EI, and we believe  
8 it to be reasonable.

9

10 Q. Is it appropriate for Tampa Electric to credit any  
11 incremental operating and maintenance ("O&M") costs to  
12 the fuel and purchased power cost recovery clause ("Fuel  
13 Clause")?

14

15 A. No. An amount equal to all incremental O&M costs  
16 attributed to the sale should be credited to operating  
17 revenues because Tampa Electric does not have any  
18 associated fuel-related O&M expenses charged to the Fuel  
19 Clause.

20

21 Q. Does the company make non-firm wholesale power sales  
22 while simultaneously making optional provision or "buy-  
23 through" purchases to serve its non-firm retail  
24 customers?

25

1 A. Tampa Electric has a company policy of not making non-  
2 firm wholesale power sales at the same time it is making  
3 optional provision or "buy-through" purchases for its  
4 non-firm retail customers. As explained fully in the  
5 direct testimony of Tampa Electric's witness W. Lynn  
6 Brown, there may be occasions of overlap due to  
7 operational issues that must be considered.

8  
9 Q. Are Tampa Electric's non-firm retail customers required  
10 to purchase "buy-through" power to avoid interruptions?

11  
12 A. No. Tampa Electric's interruptible retail tariffs  
13 include an **optional** provision for "buy-through" power  
14 purchases that is entirely **voluntary** on the part of the  
15 customer. This provision is exercised entirely at the  
16 customer's discretion and direction. All of Tampa  
17 customers taking service under the interruptible service  
18 rates have requested this option.

19  
20 Q. Are there times when it is appropriate for Tampa Electric  
21 to make non-separated wholesale sales while purchasing  
22 power to serve firm and non-firm retail customers even  
23 though the price of the purchased power is greater than  
24 the price of the power being sold?

25

1 A. Yes. The company purchases power based upon its  
2 forecasted needs to serve retail customers. The company  
3 also purchases power at the request of interruptible  
4 customers in lieu their being interrupted. The company  
5 makes non-separated wholesale sales based upon generation  
6 and purchased power in excess of retail customers' needs.  
7 Gains from these sales benefit all retail ratepayers.  
8 According to witness Brown, there are instances when the  
9 company makes wholesale sales when proceeds from these  
10 sales are less than the cost of purchased power for  
11 various reasons. Had the company not made the sales, the  
12 entire cost of purchased power would have been borne by  
13 retail ratepayers. By making non-separated sales even  
14 when the wholesale sales proceeds are less than the  
15 purchased power costs, the total costs are minimized.  
16 These actions are appropriate, prudent and in the best  
17 interest of ratepayers.

18  
19 Q. When calculating the incremental fuel costs to be  
20 credited to the Fuel Clause, should the cost of purchased  
21 power be considered in the event the company is  
22 purchasing power for retail customers at the same time it  
23 is making a non-separated wholesale sale?

24  
25 A. No. For reasons stated above, the appropriate fuel costs



1 to consider are simply the incremental fuel costs of  
2 generating the energy for the sale.

3

4 Q. Does that conclude your testimony?

5

6 A. Yes, it does.

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