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October 12, 2001

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

Re: Docket No.: 010001-EI

Dear Ms. Bayo:

On behalf of Florida Industrial Power Users Group (FIPUG), enclosed for filing and distribution are the original and 15 copies of the following:

- Intervenor Testimony and Exhibits of Brian C. Collins on behalf of Florida Industrial Power Users Group and,

- Intervenor Testimony and Exhibits of Jeffry Pollock on behalf of Florida Industrial Power Users Group.

Please acknowledge receipt of the above on the extra copy and return the stamped copy to me. Thank you for your assistance.

Sincerely,

Timothy J. Perry

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McWHIRTER, REEVES, McGLOTHLIN, DAVIDSON, DECKER, KAUFMAN, ARNOLD & STEEN, P.A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re:	)	
Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor	)	**Docket No. 010001-EI**

Intervenor Testimony and Exhibits of

Jeffry Pollock

On behalf of

Florida Industrial Power Users Group

October 2001

BAI

BRUBAKER & ASSOCIATES, INC.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: **Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor**	**Docket No. 010001-EI**

Intevenor Testimony of Jeffry Pollock

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Jeffry Pollock; 1215 Fern Ridge Parkway, Suite 208; St. Louis, MO 63141-2000.

Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?

A I am an energy advisor and a principal in the firm of Brubaker & Associates, Inc. (BAI).

Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A I am a graduate of Washington University. I hold the degrees of Bachelor of Science in Electrical Engineering and Master of Business Administration. At various times prior to graduation, I worked for the McDonnell Douglas Corporation in the Corporate Planning Department; Sachs Electric Company; and L. K. Comstock & Company. While at McDonnell Douglas, I analyzed the direct operating cost of commercial aircraft.

Upon graduation, in June 1975, I joined the firm of Drazen-Brubaker & Associates, Inc. Drazen Brubaker & Associates, Inc. (DBA) was incorporated in 1972 assuming the utility rate and economic consulting activities of Drazen Associates, Inc., active since 1937. Brubaker & Associates, Inc. (BAI) was formed in April, 1995. In the last five years, BAI and its predecessor firm has participated in more than 700 regulatory proceeding in forty states and Canada.

During my tenure at both DBA and BAI, I have prepared numerous financial and economic studies of investor-owned, cooperative and municipal utilities, including revenue requirements, cost of service studies, rate design, site evaluations and service contracts. Recent engagements have included advising clients on electric restructuring issues, developing responses to utility request for proposals (RFPs), and managing RFPs for clients. I am also responsible for developing and presenting seminars on electricity issues.

I have worked on various projects in over twenty states and in two Canadian provinces, and have testified before the regulatory commissions of Alabama, Arizona, Colorado, Delaware, Florida, Georgia, Illinois, Iowa, Louisiana, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, Ohio, Pennsylvania, Texas, Virginia and Washington. I have also appeared before the City of Austin Electric Utility Commission, the Board of Public Utilities of Kansas City, Kansas, the Bonneville Power Administration, Travis County (Texas) District Court, and the U.S. Federal District Court.

BAI provides consulting services in the economic, technical, accounting, and financial aspects of public utility rates and in the acquisition of utility and energy services through RFPs and negotiations, in both regulated and unregulated markets.

Our clients include large industrial and institutional customers, some utilities and, on occasion, state regulatory agencies. We also prepare special studies and reports, forecasts, surveys and siting studies, and present seminars on utility-related issues.

In general, we are engaged in energy and regulatory consulting, economic analysis and contract negotiation. In addition to our main office in St. Louis, the firm also has branch offices in Kerrville, Texas; Plano, Texas; Denver, Colorado; and Chicago, Illinois.

Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A I am testifying on behalf of the Florida Industrial Power Users Group (FIPUG). The participating FIPUG members are customers of Tampa Electric Company (TECO). They purchase substantial quantities of electricity from TECO under a variety of firm and non-firm tariffs.

Q WHAT ARE FIPUG'S INTERESTS IN THIS DOCKET?

A According to the testimony filed by TECO witness, J. Denise Jordan, TECO forecasts that its fuel and purchased cost recovery would increase from 2.82¢ to 3.30¢ per kWh, which would be a 17% increase in charges to TECO's retail customers. Virtually all of this increase can be traced to the proposed $86 million true-up. As fuel costs are a significant component of the electricity costs incurred by FIPUG members, BAI was requested to determine the cause and render an opinion on the appropriateness of this increase.

Q WHAT ISSUES ARE YOU ADDRESSING IN YOUR DIRECT TESTIMONY?

A I shall summarize the results of the audit conducted by my colleague, Mr. Brian C. Collins, of how TECO has been managing various long-term wholesale power contracts. In particular, my testimony addresses whether retail customers have been harmed by TECO's administration of these contracts and recommends specific actions that the Commission should undertake to protect the interests of TECO's retail customers. Finally, I shall address several other issues raised in Ms. Jordan's testimony, on behalf of TECO.

Summary

Q WOULD YOU PLEASE SUMMARIZE THE FINDINGS REVEALED IN MR. COLLINS' AUDIT?

A Yes. TECO has put its own interests, and those of its long-term wholesale contract customers, ahead of the interests of its retail native load customers. As Mr. Collins testifies, wholesale customers have benefited from, and are continuing to receive, a much more reliable and cost-effective supply of electricity than have TECO's retail customers.

While wholesale customers are directly benefiting from TECO's lowest cost generation and low-cost purchases, retail customers are having to bear the excessive costs of the power that TECO must purchase in volatile deregulated wholesale markets to replace internal generation. Since 1997, non-firm customers have experienced dramatic increases in both the frequency and duration of interruptions. Optional Provision Purchases have increased over 200% since 1997. This 200% increase has coincided with the time frame when most of TECO's long-term wholesale contracts were entered into. Because TECO's wholesale load exceeds its non-firm loads, some of these purchases are also being made for the benefit of TECO's firm retail customers.

The more frequent interruptions and off-system purchases can also be traced to the deteriorating reliability of TECO's internal generation. Mr. Collins' analysis reveals that there were instances when over 800 MW or 22% of TECO's internal generation capacity was unavailable because of forced outages or capacity deratings. Despite these circumstances, during which non-firm customers are being curtailed and TECO is having to purchase expensive replacement power, TECO's wholesale customers are continuing to receive their full entitlement to TECO's cheap coal-fired capacity.

Not only are retail customers receiving an inferior quality of service, they are paying excessively for it. Retail customers pay the fixed costs incurred by TECO to construct, operate and maintain its generating capacity, including several large relatively low operating cost coal-fired units, in their base rates. However, despite supporting the fixed costs of TECO's generation capacity, retail customers are paying significantly higher fuel costs. These higher costs may be attributed to the fact that the cost of all replacement purchases are allocated by TECO entirely to native retail customers. This practice is unfair. The retail customers who are supporting the fixed costs of generation capacity should be the beneficiaries of the lower operating costs of this capacity. To do otherwise would be tantamount to a forced subsidy by retail customers of TECO's long-term wholesale contracts.

Mr. Collins has also quantified the subsidies to wholesale customers on days when non-firm load was being curtailed – because of either a service interruption or an economic interruption. On these particular days, he determined that retail customers were overcharged by over 3¢/kWh. Extrapolating this amount over 3 years (1999-2001) would yield a subsidy of between $45 and $108 million. A precise calculation of the subsidy could not be made because it would require considerably more data, time and resources than could be devoted. Also, most of the required data was not provided in a timely manner.

Q WHAT ACTIONS SHOULD THE COMMISSION UNDERTAKE AS A RESULT OF THE AUDIT CONDUCTED BY MR. COLLINS?

A Based on these findings, the Commission should take the following actions:

(1) TECO should be ordered to cease its current practice of allocating 100% of replacement power costs to retail customers and to allocate a pro rata share of all replacement power purchases to wholesale operations. Separated sales should be charged average system fuel and purchased power costs, while non-separated sales should be charged system incremental costs.

(2) Because TECO refused to fully respond to all FIPUG data requests, we are not able to quantify the magnitude of the past overcharges to retail customers. The Commission should open a docket requiring TECO to quantify the refunds due to retail customers as a result of TECO's inappropriate management of its long-term wholesale contracts.

(3) The Commission should hold the proposed $86 million fuel true-up in abeyance pending the outcome of this new docket.

(4) The Commission should conduct a more thorough investigation of TECO's affiliate transactions and its procurement of power for wholesale customers. Specifically, Mr. Collins has observed that TECO has purchased low-cost

power at wholesale and directly allocated this purchase to wholesale customers. The issue to be resolved is whether this practice and TECO's affiliate transactions are both prudent and beneficial to retail customers.

Q SHOULD A NEW FUEL FACTOR BE APPROVED AT THIS TIME?

A No. The fuel factor should not be implemented until after the Commission completes a thorough investigation of TECO's wholesale pricing practices. Even if the Commission ultimately decides for TECO, it will not be hurt because it will receive full recovery, with interest. In light of the fact that fuel costs are now trending downward for the other utilities in this state, raising TECO's fuel factor to the level proposed, prior to the investigation, would cause unnecessary economic harm and place some customers at a competitive disadvantage.

Audit of Wholesale Pricing Practices

Q WHAT IS THE BASIS FOR YOUR CLAIM THAT TECO HAS PUT THE INTERESTS OF ITS WHOLESALE CUSTOMERS AHEAD OF ITS OBLIGATION TO SERVE RETAIL NATIVE LOAD CUSTOMERS?

A This statement is based on the results of Mr. Collins' audit of TECO's wholesale pricing practices. Specifically, Mr. Collins determined that:

- TECO has been inappropriately allocating more expensive replacement purchased power solely to retail customers while simultaneously selling low-cost native generation to wholesale customers.

- TECO has been purchasing low-cost power on the wholesale market and reselling it to wholesale customers, rather than using this lower cost power to reduce the fuel costs paid by retail customers.
- Wholesale customers have continued to receive their full entitlement of cheap, native load generation while non-firm customers are being curtailed and the rest of the TECO system is experiencing severe shortages of native generation due to outages and frequent deratings of internal generation, including the specific generators from which wholesale sales are being made.

As a result of these practices, we estimate that retail customers are subsidizing wholesale customers and TECO's shareholders, who are the beneficiaries of the higher margins derived from wholesale sales. Based on this estimate, retail customers have been overcharged by between $45 and $108 million for fuel costs during the years 1999, 2000 and 2001.

Q HOW WAS THIS ESTIMATE DERIVED?

A Mr. Collins derived the estimated subsidies by analyzing the cost of purchased power charged to retail customers, which should have been allocated to wholesale contract customers. The analysis was on specific days when non-firm load was being curtailed. This includes both service and economic interruptions. On these days, the wholesale customers were being charged only for energy as though it had been generated entirely from TECO's low-cost coal-fired resources. During economic curtailments, non-firm customers are charged directly for the more expensive wholesale power purchases while any remaining purchases are allocated to firm retail customers. Thus, retail customers are subsidizing the low-cost energy sales to wholesale contract customers because they alone are forced to bear the higher costs incurred by TECO to maintain both its wholesale sales and system reliability.

Q HAVE ANY SPECIFIC CUSTOMERS BORNE THE BRUNT OF TECO'S INAPPROPRIATE MANAGEMENT OF ITS WHOLESALE POWER CONTRACTS?

A Yes. All retail customers have been charged higher replacement costs for power that TECO purchased. However, the non-firm customers have borne the brunt of TECO's ever-increasing need to purchase replacement power due to frequent and major outages of its own generation resources. Exhibit ____ (JP-1) is a history of service interruptions since 1996.

As can be seen, both the frequency and duration of service interruptions have increased since 1996. There were only 3 interruptions in 1996 as compared to

16 interruptions in 1999. The total duration of these interruptions has increased from about one hour in 1996 to over 53 hours in 1999.

Q WHAT ARE ECONOMIC INTERRUPTIONS?

A Economic interruptions occur when TECO does not have sufficient internal resources to continue providing system service to non-firm customers. If available elsewhere, TECO will purchase power in lieu of a service interruption of non-firm service. These purchases are made under the Optional Provision in TECO's various non-firm tariffs.

Q WHAT HAS BEEN THE HISTORY OF ECONOMIC INTERRUPTIONS?

A Economic interruptions have been increasing both in frequency and in duration. Exhibit ____ (JP-2) summarizes the amount of energy that TECO purchased during these interruptions (i.e., "Optional Provision Purchases"). As can be seen, since 1996, the amount of Optional Provision Purchases has increased by 13 times. Mr. Collins has observed that this dramatic increase in economic interruptions has coincided with the effective dates of TECO's long-term wholesale contracts.

Q WHAT IS TECO PAYING FOR THE OPTIONAL PROVISION PURCHASES FOR NON-FIRM CUSTOMERS DURING ECONOMIC INTERRUPTIONS?

A More serious than the increase in both the frequency and duration of economic interruptions is the cost of the Optional Provision Purchases. Exhibit ____ (JP-2) also summarizes the cost of these purchases from 1996 through mid-2001.

As can be seen, in 1996, the average cost of the Optional Provision Purchases was 5.2¢ per kWh. By 1999, the average cost had risen to 9.4¢, an 81% increase. Thus far in 2001, the average cost of Optional Purchases has been 11.8¢. To put these costs into perspective, the average delivered cost of electricity to residential customers was around 7.7¢ as of December 1999. Thus, the Optional Purchases have become significantly more expensive than the total delivered cost of electricity sold to residential customers.

Not shown in this Exhibit are the extremely high prices TECO is paying for some of this Optional Purchases. According to TECO's fuel reports, the average cost of certain power purchases has ranged from 10¢ to up to 340¢ per kWh.

Q DOES IT COST A UTILITY MORE THAN 10¢ PER kWh TO GENERATE ELECTRICITY AT WHOLESALE?

A No. This is well-above the incremental cost of generating electricity. The extra charges provide a contribution to fixed costs and profit to the selling party.

Q THEN WHY IS TECO PAYING SUCH HIGH PRICES FOR REPLACEMENT ENERGY?

A TECO has no incentive to minimize the cost of purchased energy. This is because all purchased energy costs are directly flowed through to customers. Initially, the non-firm customers are directly charged for purchases made under the Optional Provision. However, any residual purchases not charged to non-firm customers are flowed through the fuel and purchased power cost recovery clause. Thus, firm retail customers are clearly impacted by TECO's wholesale pricing practices.

Q WHY ARE THESE REPLACEMENT POWER PURCHASES SO EXPENSIVE?

A Since FERC Order No. 888, wholesale markets have been deregulated. Many wholesale participants – including utilities, marketers, brokers, and other traders – have sought and received FERC approval to buy and sell electricity at market-based prices. This means that if these suppliers want to sell electricity to TECO and TECO is in the market to buy electricity, TECO will have to pay the market price. As previously stated, market prices in many instances will be well above the actual incremental cost to generate electricity.

Q IS TECO HARMED BY PURCHASING ELECTRICITY AT MARKET-BASED PRICES?

A No. TECO can pass through dollar-for-dollar every fuel and purchased power cost that it incurs, subject to Commission review. Further, I am not aware of any ongoing review of the reasonableness of the Optional Provision Purchases that are being directly charged to non-firm customers.

Q WHAT ARE THE CONSEQUENCES OF THE DEREGULATION OF THE WHOLESALE MARKETS?

A Wholesale price deregulation means that native load customers in general (and non-firm customers in particular) are being exposed to considerable price risk. This is a fundamental change in the regulatory bargain. Prior to wholesale deregulation, wholesale transactions were made either at cost of service or on a split the savings basis. In the latter event, the split the savings was based on the difference between the sellers' and the buyers' actual cost. Thus, prices generally remained stable.

Today, and in the recent past, wholesale participants that have been granted market based pricing authority from the FERC can charge whatever the market will bear for replacement energy. Utilities that are having to buy power in the wholesale markets more frequently, either because they lack sufficient internal generation or the existing capacity is unreliable, will experience significant price risk. However, all of this risk is passed through to retail customers since they are the ones who are required to bear these costs under the present regulatory policy.

Q DID TECO'S CUSTOMERS AGREE TO INSULATE TECO FROM PRICE RISKS RESULTING FROM THE DEREGULATED WHOLESALE POWER MARKETS?

A No. TECO's last full rate case pre-dated FERC Order No. 888 and the subsequent deregulation of the wholesale power markets. Thus, TECO's retail rates, terms and conditions and the Commission's rules governing Non-Firm Loads were established in a totally different regulatory environment than currently exists. Clearly, the fact that TECO's retail customers are having to bear excessively higher replacement purchased energy costs, while TECO maintains significant low-cost sales to wholesale customers, is a fundamental shift in risk from TECO's shareholders to its retail customers. This is not the bargain that retail customers agreed to.

Q WHY IS TECO MOTIVATED TO SELL VERY LOW-COST ELECTRICITY INTO THE WHOLESALE MARKETS?

A TECO's motivation is profit. Longer term wholesale markets are highly competitive. In contrast to regulation, competition tends to drive prices down because customers can purchase electricity from another supplier. However, in order to effectively compete in these wholesale markets, the seller must not only offer a low price, the low price must be guaranteed for the life of the contract. Without this guarantee, the buyer will not have the confidence in the seller's ability to live up to the agreement and will choose another supplier.

Given the competitive nature of long-term wholesale markets, the only way to make a profit is to provide power at the lowest possible cost. The margins on these sales are the difference between the selling price and the associated cost. The lower the associated costs of selling power under long-term wholesale contracts, the greater the margins.

Thus, TECO has a strong incentive to minimize the fuel costs associated with long-term wholesale sales. By minimizing the actual cost, TECO can maximize its profit. These profits flow 100% to TECO's shareholders for sales that have been jurisdictionally separated. All other off-system sales margins are shared 80%/20% between retail customers and TECO's shareholders, respectively after a threshold is met. However, TECO can raise its 20% share of these margins by selling as much low-cost power to wholesale customers as is possible.

Q **ARE TECO'S SHAREHOLDERS REQUIRED TO BEAR ANY PRICE RISK ASSOCIATED WITH WHOLESALE SALES?**

A No. As previously stated, TECO does not allocate the higher cost of replacement power purchases to wholesale customers. The wholesale customers benefit from low-cost energy generated from TECO's most efficient coal-fired units. Further, all other purchased energy costs are passed through to retail customers. This means that neither the wholesale customers nor TECO's shareholders bear any market price risk.

Q **IS THE DRAMATIC SHIFT IN MARKET PRICE RISK FROM TECO'S SHAREHOLDERS TO CUSTOMERS CONSISTENT WITH TECO'S OBLIGATION TO SERVE?**

A No. Utilities have an obligation to provide reliable service to all retail customers (firm and non-firm) at the lowest reasonable cost. TECO, on the other hand, has clearly been giving preferential treatment to its wholesale customers. Retail customers have borne the brunt of very expensive power purchases in the wholesale markets. This is despite the fact that the retail customers pay the lion's share of the fixed costs required to construct, operate, and maintain TECO's internal generation capacity. Fairness demands that these customers are entitled to receive the benefits of the lower cost energy that can be provided from these capacity resources.

Instead, TECO has been siphoning its low-cost generation to wholesale markets and replacing it with higher cost purchases, which have been borne solely by retail customers. Not only does this practice not comport with TECO's obligation to serve, it demonstrates how TECO has reneged on this regulatory bargain to its captive retail customers.

Q **WHAT ACTION SHOULD THE COMMISSION TAKE TO PROTECT THE INTERESTS OF RETAIL CUSTOMERS?**

A First, TECO's 2002 fuel rates should not be adjusted from current levels until a thorough investigation into the issues presented in this testimony is completed.

Second, TECO should be ordered to cease its current practice of allocating 100% of replacement power costs to retail customers. Wholesale customers or TECO's shareholders should be required to bear some of the consequences resulting from frequent and severe outages and capacity deratings of its internal generation capacity. Thus, the Commission should require TECO to allocate a pro rata share of all replacement purchased energy costs to wholesale operations. This treatment would be especially appropriate when TECO is simultaneously purchasing high-cost power while selling low-cost power to its long-term wholesale contract customers.

Third, this practice has been ongoing since at least 1997. However, because of time and resource limitations and also TECO's resistance in responding to critical requests for production of documents and interrogatories, we have not been able to conduct a thorough analysis to quantify the impact on retail customers of TECO's wholesale sales practices. Mr. Collins has estimated that the potential harm to retail customers from 1999 through 2001 could be between $45 and $108 million. However, a more thorough investigation is required.

My recommendation is that the Commission convene an investigation and require TECO to quantify the impact of its wholesale costing and pricing practices on retail customers. The goal of this investigation would be to quantify the subsidies provided by retail customers to help underwrite TECO's low-cost wholesale sales and to assure that TECO's wholesale purchases from affiliate companies were prudent.

Q **IN LIGHT OF THESE FINDINGS, SHOULD THE COMMISSION APPROVE TECO'S REQUEST TO RECOVER $86 MILLION OF PAST UNDER-COLLECTIONS?**

A No. Given the amount of money at stake, it would be premature to allow TECO to begin recovering past under-collected amounts from retail customers. Therefore, I recommend that the Commission put the $86 million true-up in abeyance pending the outcome of the further investigation.

Q **SHOULD ANY OTHER ACTIONS BE TAKEN BY THE COMMISSION AT THIS TIME?**

A Yes. Mr. Collins also observed that TECO has purchased low-cost power from the wholesale markets and assigned 100% of the cost to wholesale customers. In other words, TECO did not take advantage of the opportunity to purchase low-cost power in the wholesale markets for the benefit of its native retail customers. The Commission should, therefore, investigate whether this practice is prudent and why TECO is not also purchasing low-cost power for the benefit of retail customers.

Other Issues

Q TECO IS PROPOSING TO RECOVER ANY GAINS OR LOSSES FROM HEDGING ITS FUEL TRANSACTIONS THROUGH FUTURES CONTRACTS THROUGH THE FUEL AND PURCHASED POWER COST RECOVERY CLAUSE. SHOULD THIS PROPOSAL BE IMPLEMENTED?

A No. According to the testimony of TECO witness, W. Lynn Brown, TECO does not purchase or sell wholesale energy derivatives. Further, Mr. Brown states that the cost of conducting physical and financial hedges in a developing market, such as Florida's wholesale energy market, could be quite high. He recommends that the Commission conduct an assessment of the quantitative and qualitative costs and benefits of physical and/or financial hedging.

Accordingly, it would be premature to authorize cost recovery until the Commission has had an opportunity to assess the costs and benefits of a specific hedging program that TECO proposes to implement.

Q TECO CLAIMS THAT THE APPROPRIATE REGULATORY TREATMENT FOR CAPITAL PROJECTS THAT ARE EXPECTED TO REDUCE LONG-TERM FUEL COST SHOULD BE RECOVERED THROUGH THE FUEL AND PURCHASED POWER COST RECOVERY CLAUSE. DO YOU CONCUR?

A No. It would not be appropriate to recover the costs of investments and the associated carrying costs through the fuel and purchased power cost recovery clause. These are the very types of costs that are properly recovered in base rates. Attempts to distinguish the purpose of specific investments could also invite gaming. A utility could claim that the entire investment in a new state-of-the-art power plant that was installed to replace an older, less efficient plant should be recovered through the fuel and purchased power cost recovery clause just because it may result in lower long-term fuel costs. No purpose would be served by giving such investments special treatment or more timely recovery than is accorded to all other rate base investments. Special cost recovery for such investments could send the wrong incentive. A utility would be encouraged to over-invest in capital just to save fuel costs. However, there is no assurance that the combination of increased capital costs and lower fuel costs would result in the lowest overall costs for the utility's retail customers.

Q WHY ELSE WOULD RECOVERY OF SPECIAL CAPITAL PROJECTS NOT BE APPROPRIATE?

A This Commission has historically maintained a clear separation between base rates and fuel costs. The recovery of capital projects and the associated carrying costs through the fuel and purchased power cost recovery clause would blur this distinction. To quote Ms. Jordan, "Mixing the fuel adjustment mechanism with base rates would cause nothing but confusion, delay and inequity. This would defeat the very purpose of the fuel adjustment clause."

Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A Yes.

Docket No. 010001-EI
Witness: Jeffry Pollock
Exhibit ____ (JP-1)

Tampa Electric Company

History of Service Interruptions
1996 - September 2001

Line	Year	Number of Interruptions	Duration (Hours)
1	1996	3	1
2	1997	2	0.5
3	1998	4	11
4	1999	16	53
5	2000	5	8.7
6	2001*	1	0

*January-September

Docket No. 010001-EI
Witness: Jeffry Pollock
Exhibit ____ (JP-2)

Tampa Electric Company

History of Economic Interruptions
1996 - May 2001

Line	Year	Energy Purchased for Interruptible Customers in Lieu of Interruption (MWh)	TECO Cost Incurred for Optional Provision Purchases	Average Cost (¢/kWh)
		(1)	(2)	(3)
1	1996	16,427	$856,112	5.2 ¢
2	1997	94,208	$5,179,376	5.5 ¢
3	1998	96,460	$6,726,436	7.0 ¢
4	1999	185,922	$17,472,803	9.4 ¢
5	2000	221,217	$18,570,077	8.4 ¢
6	2001*	39,425	$4,640,796	11.8 ¢

*January-May

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Intervenor Testimony and Exhibits of Jeffry Pollock on behalf of Florida Industrial Power Users Group has been furnished by (*) hand delivery, or U.S. Mail this 12th day of October, 2001, to the following:

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