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October 16, 2003
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Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance
Incentive Factor; FPSC Docket No. 030001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of Tampa Electric Company's Request for Confidential Classification of certain information contained in the supplemental prepared direct testimony of Tampa Electric's witness Brent Dibner as well as in Mr. Dibner's supplemental exhibit.

Also included are the original and ten (10) copies each of pages 23 and 24 of Tampa Electric Witness Brent Dibner's supplemental testimony and pages 12, 13 and 15 of the supplemental testimony of Witness Joann Wehle, both marked "Revised October 16, 2003." As explained in the Request for Confidential Classification, the revised supplemental testimony pages are submitted to make public certain information originally sought and be protected as confidential but which no longer needs to be protected. *

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,

* SEE NOTE

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James D. Beasley

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TAMPA ELECTRIC

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030001-EI
IN RE: FUEL & PURCHASED POWER COST RECOVERY
AND
CAPACITY COST RECOVERY

PROJECTIONS
JANUARY 2004 THROUGH DECEMBER 2004

SUPPLEMENTAL TESTIMONY

OF

JOANN T. WEHLE

REVISED OCTOBER 16, 2003

DOCUMENT NUMBER DATE

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1 A. DMA recommended cost structures comprising fixed and
2 variable charges, and a fuel component, if applicable,
3 for each segment. In addition, DMA recommended
4 escalation methodologies and initial fuel price levels.
5 They are detailed in Tampa Electric witness Dibner's
6 supplemental testimony.

7
8 Q. Do you believe that appropriate market rates have been
9 established?

10

11 A. Yes. The appropriate market rates have been established
12 using the bona fide terminal bid received and the results
13 of the detailed and thorough analyses conducted by DMA
14 for the inland river and ocean transportation segments.

15

16 Q. After accepting the established market prices, how did
17 Tampa Electric proceed?

18

19 A. According to the terms of Tampa Electric's existing
20 waterborne transportation contract, TECO Transport has
21 the right to review and decide to meet or beat the market
22 prices established. Therefore, Tampa Electric
23 communicated the prices to TECO Transport for that
24 purpose.

25

- 1 Q. What is the next step in establishing a new contract for
2 waterborne transportation services?
3
- 4 A. Tampa Electric has begun negotiating a new contract with
5 TECO Transport. The company is working to incorporate
6 the terms established in the solicitation and the rates
7 provided as a result of DMA's market analysis into a new
8 five-year waterborne transportation agreement. The
9 target date for the completion of these negotiations is
10 early October 2003. Tampa Electric is on task to
11 complete the negotiations as scheduled so that this
12 matter can be addressed at the hearing in this docket
13 that is scheduled for November 12-14, 2003.
14
- 15 Q. How do the market prices established for a new contract
16 compare to the waterborne coal transportation costs that
17 were included in Tampa Electric's total projected 2004
18 fuel cost?
19
- 20 A. The market prices that were established for the new
21 contract are less than the waterborne coal transportation
22 costs utilized in Tampa Electric's projected 2004 fuel
23 costs that were filed on September 12, 2003. At the time
24 that the company completed the analysis required for that
25 filing, the best estimate of 2004 waterborne coal

1 for waterborne transportation services for the period
2 2004 through 2008. DMA's evaluation of the inland river
3 and terminal bids resulted in its recommendation to
4 reject the non-conforming river bid, to use the terminal
5 bid to set the market rate for that segment and to use
6 DMA's analysis of the transportation markets to set
7 appropriate market rates for the inland river and ocean
8 transportation segments. Tampa Electric agreed with
9 DMA's recommendations. Tampa Electric is utilizing these
10 rates to negotiate a new transportation contract with
11 TECO Transport for the years 2004 through 2008. As
12 previously stated, TECO Transport has the right to meet
13 or beat the market prices established for the new
14 contract period, under the terms of its existing contract
15 with Tampa Electric.

16
17 Q. Does this conclude your testimony?

18
19 A. Yes, it does.
20
21
22
23
24
25