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

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January 5, 2004

HAND DELIVERED

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: Review of Tampa Electric Company's waterborne transportation contract with TECO Transport and associated benchmark; FPSC Docket No. 031033-EI

TRANSMITTAL OF CONFIDENTIAL INFORMATION

Dear Ms. Bayo:

Enclosed herewith, pursuant to a Motion for Temporary Protective Order and Notice of Intent to Seek Confidential Classification Tampa Electric is simultaneously filing with your office, is a single unredacted confidential version of Tampa Electric's Answers to FIPUG's First Set of Interrogatories (Nos. 4-7, 14, 16, 20 and 26-27). The confidential information in this filing is printed on yellow paper stock or is highlighted in yellow and is stamped "CONFIDENTIAL." We would appreciate your maintaining confidential treatment of the enclosed materials.

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

11-26-05 (entire DN) DECLASSIFIED

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JDB/pp
Enclosures

cc: Wm. Cochran Keating IV
All Parties of Record

declas 11-26-05

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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Tampa Electric Company's 2004-2008 Waterborne Transportation Contract with TECO Transport and Associated Benchmark.	)	**DOCKET NO. 031033-EI** **FILED: January 5, 2004**

DECLASSIFIED

CONFIDENTIAL VERSION

TAMPA ELECTRIC COMPANY'S

ANSWERS TO FIRST SET OF INTERROGATORIES

(NOS. 4-7,14, 16, 20, & 26-27)

OF

THE FLORIDA INDUSTRIAL POWER USERS GROUP

Tampa Electric files this its confidential Answers to Interrogatories (Nos. 4-7,14, 16, 20, & 26-27) propounded and served on December 5, 2003, by the Florida Industrial Power Users Group.

INLAND BARGE TRANSPORTATION RATE ANALYSIS
An Example

The example presented below is a de novo approach to inland barge costing that takes a simplified and reasonable approach to inland barge costing. It is not the methodology, structure or model used by DMA, but at its core it is conceptually similar. The cost factors used by DMA may differ from those used by the Army Corps of Engineers or others. Like any model, this example may have limitations in its adaptability and is only as good as the assumptions and wisdom its users apply. It should be remembered that a fixed price long term bid (even with pricing adjustment) must accommodate a variety of potential operating and environmental conditions, including weather, water levels, ice, flooding, fog, blockages of waterways from natural or other causes, changes in traffic patterns that may affect efficiencies, regulatory changes and others. Many operating factors are inter-related, dependent and non-linear. Approaches to the movement of a specific cargo are dependent upon other factors including other traffic, scale, swapping, exchanging, making and buying of activities.

1. Determine the mile points of the origin and destination of the coal movement.

	Location	Mile Point	River
From	Mt. Vernon	828	Ohio
To	Davant	57	Lower Mississippi
Via	Cook Terminal	948	Ohio

2. Determine the distance traveled by the barge on all river/waterway segments.

River	Miles	One Way Time Underway
Ohio	120	0.82
Ohio	33	0.21
Lower Mississippi	896	5.83
Total	1,049	

3. Determine the average tons transported by barges, considering any draft limitations and barge hull depths.

Barge Load		
Maximum Capacity	1,600 tons	8.5 feet
Selected Draft		8.5 feet
Average Tons/Inch Change		16.0 tons per inch
Cargo Capacity	1,600	

4. Determine the horsepower classes of towboats that will push the barge between the origin and destination, and return. For each class of towboat on each segment, also determine:
   - Gallons of fuel consumed per operating hour at the appropriate tow size and speed on each river
   - Average speed on each segment, considering up- and down-stream directions
   - Maximum tow size, considering locking, route and rivers
   - Percent of the tow that will ultimately be filled with barges

- Cycle distance that the towboat will operate on each river segment. The towboat may operate over a longer distance, picking up and dropping off barges at various destinations.
- Times that the towboat will wait for each barge pick-up and drop off, including time at the turning points of each trip, and general delays for weather, locking, passing restricted waters, awaiting tug/shift boat service in mid-stream, etc.

	HP Class	Gal/Op Hr	Speed	Max Tow Size	Pct Tow Used	One Way Cycle Distance	Time Ends/ Brge	Delay	Cycle Time
On the Ohio	5,600	112	6.1	15	100%	120	0.9	15%	3.0 Days
Lower Miss.	8,400	250	6.4	30	100%	929	1.9	15%	16.1 Days

Note: Time at ends per barge = Max Tow Size * 0.75 * 2 / 24
Cycle time = (One Way Cycle Distance * 2 / speed / 24 + Time at ends per barge) * (1 + Delay)

With the above, derive the total boat cycle time for each cycle. Use this cycle time as an input for consideration of the average frequencies that available tow slots in passing tows will be presented to accept a ready barge awaiting tow. These frequencies may be adjusted by assumptions concerning the use of third party towing. The average time that a barge will wait for onward movement may be determined on the basis of frequency of barge line towboat passings or reliance on purchased or swapped towing with other barge lines. Interchange times between rivers or towboat cycle patterns will also require waiting time for tows and for re-shaping barge tows.

5. Determine the towboat operating costs, excluding fuel. To do this, the following must be determined:
   - Cash operating costs per hour (for crewing, food, fuel, stores, supplies, equipment, maintenance and repair, dry docking accruals, insurance)
   - Capital costs per hour considering typical and relevant boat ages, values, etc.

	HP Class	Cash Ops/Hr	Admin	Cap Cost/Hr	Annual Chrtr	6 x EBITDA	Corps Replace	Pct Value	Op Cost	Cap Cost
Per Hour	5,600	$ 187	None	$ 33	$ 281,160	$1,686,960	$ 6,505,000	26%	$ 13,300	$ 2,347
Per Hour	8,400	243	None	49	417,480	2,504,880	10,176,955	25%	93,703	18,895

Note: Op Cost = Cycle Days * 24 * Cash Ops per Hr
Cap Cost = Cycle Days * 24 * Cap Cost per Hr

With the above and the results of Step 4, determine the operating and capital costs for each towboat on each river segment cycle. This will be expressed in dollars per towboat cycle, including upstream and downstream components.

6. Determine the fuel costs of the towboat operations. To do this, consider the basic/benchmark fuel price on a delivered basis and the waterways users fuel tax, which is currently $ .244 cents per gallon of diesel fuel consumed on the waterways. To do this, the overall consumption per operating hour (from Step 4) must be used to determine gallons and cost.

This will be expressed in dollars per towboat cycle, including upstream and downstream components.

Fuel Price		Fuel Consumption					
	Per Gallon		HP Class	Cycle Days	Cycle Hours	Gallons	Fuel Cost
Base Fuel	$ 0.700	On the Ohio	5600	3.0	71.1	7,966	7,519
Fuel Tax	0.244	Lower Miss	8400	16.1	385.6	96,402	91,004
Total	$ 0.944						98,523

7. Determine the fleeting costs that the barge will incur during its voyage. To do this, the following must be determined:
   - The number of days spent in fleets, awaiting tows
   - The average daily cost of fleeting

Days Awaiting Tow	
After Loading, Awaiting Tow down Lower Miss. River	2
At Interchange Point, Awaiting Tow down Lower Miss. River	2
After Discharge, Awaiting Tow up Lower Miss. River	2
Awaiting Tow up Ohio River	2
Total Days	8
Times	
Cost Per Fleeting Day	$ 18
Equals	
Fleeting Cost	$144

With the above information, the total fleeting cost per barge trip will be determined.

8. Determine the shifting costs that the barge will incur during its voyage. To do this, the number of barge shifts must be determined and multiplied by the average cost per shift.
   - Shifts of the barge from dock to fleet, fleet to tow, making and breaking tows before and after tows, at interchanges etc. may result in shifting
   - Average costs may be applied to each shift

Shifts	
From Tow to Fleet near Coal Dock	1
From Fleet to Coal Dock	1
From Coal Dock to Fleet	1
From Fleet to Tow	1
For Tow Reconfiguration at Cook to Build Larger Tow	1
At Davant to Restructure Tow at Fleet	1
From Davant Fleet to Coal Unloader	1
From Coal Unloader to Davant Fleet	1
To Build Upriver Lower Miss. Tow	1
To Build Upriver Lower Miss. Tow at Cook to Remake Tow	1
Total	10
Times	
Cost per Shift	$ 100
Equals	
Shifting Cost	$1,000

With the above information, the total shifting cost per barge trip will be determined.

9. If any pumping is to be performed by fleets, then the cost of pumping should be considered as a cost per barge.
   - No pumping cost was assumed because it is assumed that the towboat crews will pump out the barge while en route to the loading dock.

10. If any cleaning of the barge is to be performed after the coal is discharged, then the cost of cleaning should be considered. This will result in additional shifting charges.
    - No cleaning was assumed because the barge is reused in the trade on a dedicated basis.

11. Once all of these elements are analyzed, the total time for the barge voyage from placement for loading to return to midstream in anticipation of the next load should be established in order to determine the total cycle time of the barge. (Towboat cycle times were determined in Step 5.)

Barge Cycle Time (Days)	
Placed for Loading	0.0
Awaiting Loading	3.0
Awaiting Tow down Ohio	1.5
Towing down Ohio	0.8 at average speed
Awaiting Tow down Lower Miss.	1.5
Towing down Lower Miss.	6.0 at average speed
Placed for Discharge	0.0
Awaiting Unloading	3.0
Demurrage Day	1.5
Awaiting Tow up Lower Miss.	1.5
Towing Up Lower Miss.	6.0 at average speed
Awaiting Tow up Ohio	1.5
Towing up Ohio	0.8 at average speed
Total Time	27.2

12. Daily barge costs, both cash operating (maintenance, repair, and insurance) and capital should be established.
    - Barge operating and capital costs are the product of the total barge cycle time and the daily costs.

Barge Operating Costs Per Day	
Operating Cost	$17.00
Earnings EBITDA Basis	33.00

13. General and administrative expenses for the transportation and barge and towboat management should be established on an appropriate basis. This cost is meaningfully determined on a per barge-mile basis, which should be multiplied by the loaded miles traveled.

General and Administrative Expenses	
Rate Per Loaded Barge Mile	0.74
Loaded Barge Miles	1,049
G&A Expenses	776.3

14. Finally, all costs are converted to or aligned and summed on a per barge basis, with allocation of these costs to the components that are fuel, capital and variable in nature. These costs per barge include:
    - Barge operations
    - Barge capital
    - Towboat operations on each river/waterway segment
    - Towboat capital costs on each river/waterway segment
    - Towboat fuel costs on each river/waterway segment
    - Fleeting
    - Shifting
    - Pumping
    - Cleaning
    - General and administrative expense
    - Any relevant demurrage, with its associated barge operating and fleeting costs

	Boat Cycle Costs	Barges on Tow	Cost/ Barge
Ohio River Boat Opns	13,300	15	887
Ohio River Boat Capital	2,347	15	156
Ohio River Boat Fuel	7,519	15	501
Lower Miss. Boat Opns	93,703	30	3,123
Lower Miss. Boat Capital	18,895	30	630
Lower Miss. Boat Fuel	91,004	30	3,033

Note: Boat cycle costs for operating, capital and fuel are allocated among the barges on the tow.

Summary of Costs				
	Per Barge	Fuel	Capital	Variable
Barge Operations	463	-	-	463
Barge Capital	899	-	899	-
Ohio River Boat Opns	887	-	-	887
Ohio River Boat Capital	156	-	156	-
Ohio River Boat Fuel	501	501	-	-
Lower Miss. Boat Opns	3,123	-	-	3,123
Lower Miss. Boat Capital	630	-	630	-
Lower Miss. Boat Fuel	3,033	3,033	-	-
Fleeting	144	-	-	144
Shifting	1,000	-	-	1,000
Cleaning	-	-	-	-
Pumping	-	-	-	-
General and Administration	776	-	-	776
Total	11,613	3,535	1,685	6,393

15. The total cost per barge can then be analyzed on a per ton basis by dividing the cost per barge by the tons per barge.

	Per Barge	Fuel	Capital	Variable
Sum of Costs	11,613	3,535	1,685	6,393
Tons Per Bargeload	1,600	1,600	1,600	1,600
Per Ton	$ 7.26	$ 2.21	$ 1.05	$ 4.00
DMA Inland Model	$ 7.04	$ 2.18	$ 0.99	$ 3.83

Note: The calculation in this example differs from that in the DMA Inland Model by $0.22 as a result of additional detail and considerations in the DMA model. The results of the model can be found on pages 40 and 42 of Dibner's report.

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5. Referring to page 39 of 78 of the Final Report, what is the dollar difference per ton between the rate bid for inland river transportation and the rate which results from Mr. Dibner's analysis?

A. The differences are shown in the following table.

Dock	Mile Post	River Bid	DMA Model	Difference
Mound City	OR 976	$5.35	$5.96	(-$0.61)
Cook	OR 948	$5.70	$5.98	(-$0.28)
Empire	OR 896		$6.65	NA
Rigsby & Barnard	OR 881		$6.69	NA
Caseyville	OR 872	$6.75	$6.74	$0.01
Dekoven	OR 869		$6.75	NA
Shawneetown	OR 858	$6.85	$6.81	$0.04
Hamilton	OR 852		$6.90	NA
Overland	OR 842	$7.05	$6.97	$0.08
Mt. Vernon	OR 828	$6.85	$7.04	(-$0.19)
Southern Indiana	OR 794	$7.09	$7.21	(-$0.12)
Yankeetown	OR 773	$7.09	$7.34	(-$0.25)
Powhatan	OR 111	$10.49	$10.65	(-$0.16)
Green	GR 11	$7.29	$8.01	(-$0.72)
Patriot	GR 32	$7.65	$8.24	(-$0.59)
Sebree	GR 43	$7.89	$8.37	(-$0.48)
Pyramid	GR 94	$8.85	$8.95	(-$0.10)
Ken Mine	GR 98	$8.89	$8.99	(-$0.10)
GRT	TR 23	$6.69	$7.16	(-$0.47)
Kentucky Lakes	TR 24		$7.16	NA
Cora	UM 98	$6.55	$7.12	(-$0.57)
Alicia		$13.70		NA
Cave in Rock		$6.50		NA
Rosiclare		$6.50		NA

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6. What rates of return were utilized in the fixed component of the market inland river transportation rate computed by Mr. Dibner and described on pages 12-13 of his Supplemental Testimony filed in Docket No. 030001-EI on September 25, 2003? Describe the basis for those rates.

A. As documented on page 75 of Mr. Dibner's report, which is provided as an exhibit to his testimony, the fixed capital cost of the average open hopper barge was set at **$33 per day. On an annualized basis, this would generate approximately $11,715 per year based on 355 operating days per barge-year. These funds essentially constitute EBITDA, earnings before interest, taxes, and depreciation and amortization. Assuming a blended cost of capital of 50% debt at 8% interest (5.2% after tax cost assuming 35% marginal tax rate) and 50% equity at 15% equity return, the blended cost of capital would be roughly 10.1%. A $20,000 scrap value is assumed. Using these assumptions, on a 12 year-old hopper barge with a 25-year life, and a 13-year remaining life, has a present value of the barge's cash flow at 11,715 per year would result in a barge value of approximately $88,500. This is below depreciated replacement cost and very modest, considering that an open hopper barge halfway through its life would be worth roughly half of $225,000 or about $112,500.**

The assumptions for towboat capital costs are also shown on page 75 of Mr. Dibner's report. By way of example, an 8,400 hp towboat that would cost **$9 million to build today, was assessed at $49 per hour, or about 417,000 per year. Assuming a 40-year life, and a 25-year old boat, the same basic assumptions lead to a modest valuation of about $3.2mm, or about 36% of new construction cost.**

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7. What would be the minimum "earnings", as that phase is defined on page 15, line 24-page 16, line 8, Mr. Dibner's Supplemental Testimony filed in Docket No. 030001-EI on September 25, 2003, which would induce a non-affiliated carrier to bid on the ocean transportation segment?

A. Mr. Dibner has not completed an analysis to determine the minimum earnings which would induce a non-affiliate carrier to bid on the ocean transportation segment. However, Mr. Dibner's knowledge of the industry does provide some insight, as follows.

On pages 55 through 59 of his report, Mr. Dibner showed that the utilization of the U.S. flag fleet is high and that there are very few barges or ships, if any, available to transport large volumes of coal at a scale comparable to the sizes of the vessels that serve Tampa Electric. The fleet is generally committed to various trades and customers and sized under 20,000 tons. The fleet competes within the domestic trade and also in the preference trades, which are described on pages 60 to 62 of Mr. Dibner's report. Analysis of preference voyages indicated total time charter earnings for a variety of specific vessels and is suggestive of earnings for various sizes and types of ships and tug-barge combinations. These earnings options are set forth on pages 60 to 62 of his report. Given utilization, the sizes of vessels, and the demands of the Tampa Electric trade, it is understandable why smaller barges seek the higher margins they can earn in trades that need vessels of their sizes. The rates on the Tampa Electric trade are not sufficient to attract bids because smaller barges have much higher costs and much better earnings options. Alternative costs would be high, as discussed on page 54 of Mr. Dibner's report.

Mr. Dibner did estimate the costs that two classes of dry bulk ocean-going barges would incur using the same approach as he applied for the core fleet currently serving Tampa Electric. One class of barge is a 14,700-ton type of barge, of which three close sisters exist, and the other is a 17,300-ton barge of the type that is operated by Dixie Fuels in the Crystal River trade, of which four are in service. Mr. Dibner understands that these barges are otherwise engaged in trades, but they provide some insight into the marginal costs of a substantial block of barge tonnage in the balance of the Jones Act fleet and are therefore representative of the earnings that might be required for such vessels to provide services to Tampa Electric. The results of this analysis indicated that the rates for these barges exceed **$10.00** per ton of coal delivered to Big Bend Station. These rates are more than $2.00 per ton higher than the market rate for the ocean segment that was determined by Mr. Dibner's comprehensive analysis.

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14. Describe in detail the "additional operating expenses" referred to by Ms. Wehle on page 6, line 11 of her Supplemental Testimony filed in Docket No. 030001-EI on September 25, 2003.

A. As outlined in the S&L report, the additional operating expenses referred to in Ms. Wehle's Supplemental Testimony filed in Docket No. 030001-EI on September 25, 2003, refer to the increased operating staff that will be required to manage the coal unloading and storage, increased electrical load, equipment maintenance costs, and additional surfactant (dust suppression). These costs are summarized in the table below.

	Big Bend 2 to 5.5 Million Ton Build In (Exhibit 2A-3)		**Big Bend 1 to 2 Million Ton Build In** (Exhibit 2B-3)		**Polk Build In Shuttle Train Unload** (Exhibit 2C-3)	**Polk Direct Delivery Rotary and Bottom Dump Scenarios** (Exhibit 2D-4)	
	2 Million	5.5 Million	1 Million	2 Million		Rotary	Bottom
Variable Costs:							
Power	$68,000	$128,000	$34,000	$68,000	$20,000	$25,000	$25,000
Surfactant	$97,000	$266,000	$50,000	$97,000	$50,000	$50,000	$50,000
Labor	$301,308	$903,925	$301,308	$301,308			
Fixed Costs:							
Labor	$301,308				$601,088	$157,440	$157,440
Lease for Locomotive	Not Available	Not Available			Not Available	Not Available	Not Available
Taxes & Insurance	$573,900	$573,900	$420,400	$420,400	$158,400	$385,700	$255,500
Maintenance	$825,720	$825,720	$605,000	$605,000	$300,700	$730,500	$484,000
Total	**$2,167,236**	**$2,697,545**	**$1,410,708**	**$1,491,708**	**$1,130,188**	**$1,348,640**	**$971,940**

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16. Describe how the $27M-$53M range for the cost to prepare TECo facilities for rail deliveries and for operational changes referred to at page 7, line 1 of Ms. Wehle's Supplemental Testimony filed in Docket No. 030001-EI on September 25, 2003, were calculated. Describe the additional costs and/or activities included at each level of expense.

A. The $27 million to $53 million range for the cost to prepare Tampa Electric's facilities for rail deliveries and for operational changes reflected at page 7, line 1 of Ms. Wehle's Supplemental Testimony filed in Docket No. 030001-EI on September 25, 2003 were calculated by S&L on behalf of Tampa Electric. S&L reviewed the railroad transportation proposal to validate the capital cost for each option proposed, to provide operating cost estimates for each option, and to provide an assessment of assumptions upon which the bid terms and pricing were made. The findings of the S&L report indicate that the bidder included cost information for new equipment only and failed to include the equipment installation costs and costs associated with modification to existing facilities. The bid also did not take into account additional operating costs such as additional operating staff to manage the coal unloading and storage, increased electrical load, and equipment maintenance costs. A detailed analysis of these costs can be found in the S&L report, which is provided in response to FIPUG's First Request for Production of Documents, No. 19.

	Big Bend 2 to 5.5 Million Ton Build In		**Big Bend 1 to 2 Million Ton Build In**		**Polk Build In Shuttle Train Unload**	**Polk Direct Delivery Rotary and Bottom Dump Scenarios**	
	2 Million	5.5 Million	1 Million	2 Million		Rotary	Bottom
Capital	$50,524,611	$50,524,611	$32,232,890	$32,232,890	$15,417,725	$41,059,279	$26,105,414
Operating Expense	$2,167,236	$2,697,545	$1,410,708	$1,491,708	$1,130,188	$1,348,640	$971,940
Total	**$52,691,847**	**$53,222,156**	**$33,643,598**	**$33,724,598**	**$16,547,913**	**$42,407,919**	**$27,077,354**

The specific detail relating to the capital and operating expenses can be found in the following exhibits:

	Big Bend 2 to 5.5 Million Ton Build In		**Big Bend 1 to 2 Million Ton Build In**		**Polk Build In Shuttle Train Unload**	**Polk Direct Delivery Rotary and Bottom Dump Scenarios**	
	2 Million	5.5 Million	1 Million	2 Million		Rotary	Bottom
Capital	Exhibit 2A-2	Exhibit 2A-2	Exhibit 2B-2	Exhibit 2B-2	Exhibit 2C-2	Exhibit 2D-1	Exhibit 2D-2
Operating Expense	Exhibit 2A-3	Exhibit 2A-3	Exhibit 2B-3	Exhibit 2B-3	Exhibit 2C-3	Exhibit 2D-4	Exhibit 2D-4

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20. Referring to Page 23, line 12-23 of Ms. Wehle's Rebuttal Testimony filed in Docket No. 030001-EI on October 30, 2003, she identifies several costs for capital improvements that she states substantially exceed the amounts estimated by the rail bidder. What are TECo's estimates of these costs? Who developed TECo's estimates of these costs?

A. These costs were calculated by S&L and are described in S&L's report, which is provided in the response to FIPUG's First Request for Production of Documents, No. 19.

	Big Bend 2 to 5.5 Million Ton Build In (Rapid Discharge) (Ex 2A-2)	Big Bend 1 to 2 Million Ton Build In (Bottom Dump) (Ex 2B-2)	Polk Build In Shuttle Train Unload Ex 2C-2)	Polk Direct Delivery Rotary and Bottom Dump Scenarios (Ex 2D-4)	
				Rotary	Bottom
Equipment to unload trains	$21,460,000	$10,965,000	$6,737,500	$22,141,000	$12,741,000
Equipment to load shuttle trains	$6,546,000	$5,371,000	Not Applicable	Not Applicable	Not Applicable
Electrical - Auxiliary Power	$2,287,000	$2,329,000	$1,510,000	$1,748,000	$1,748,000
Control & Instrumentation	$556,000	$656,000	$333,000	$406,000	$406,000
BOP Items	$773,640	$685,846	$736,125	$1,360,530	$1,250,030
Contractor's G&A & profit	$2,194,000	$1,341,000	$708,000	$1,848,000	$1,165,000
Indirect costs (Insurance, permits, etc)	$3,366,881	$2,406,784	$1,364,896	$2,710,772	$1,925,872
EPC costs	$4,920,321	$3,106,112	$1,458,583	$4,001,764	$2,518,609
Contingency	$8,420,768	$5,372,148	$2,569,621	$6,843,213	$4,350,902
Total	**$50,524,611**	**$32,232,890**	**$15,417,725**	**$41,059,279**	**$26,105,414**

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26. Does the contract with TECo Transport executed on October 6, 2003, contain a right of first refusal as to subsequent contracts? If so, describe this right and under what conditions it may be exercised.

A. Contract terms, or the absence of a specific term or terms, represent confidential, competitive information. Yes, the contract with TECO Transport executed on October 6, 2003, contains a right of first refusal as to subsequent contracts. The full text is included in Section 2.2 of the contract. A description of the clause terms is as follows: If Tampa Electric has a continued need for the transportation of fuels beyond the initial term of the contract, TECO Transport has the option of renewing the agreement at market rates. Tampa Electric is required to notify TECO Transport of its future need at least three months prior to the end of the initial term. Within 15 days of receipt of that notification, TECO Transport must advise Tampa Electric, in writing, that it intends to exercise its option to renew. If TECO Transport does not do so, then its option to renew is extinguished. If TECO Transport notifies Tampa Electric that it will exercise its option to renew, then Tampa Electric determines the prevailing market prices, terms and conditions and the most cost-effective fuel transportation alternative. TECO Transport can exercise its option on the terms, price and conditions so identified. If TECO Transport declines to exercise its option, then Tampa Electric may obtain all or any portion of the transportation services from one or more third party carriers, subject to the Carrier's right of first refusal to match the best offer of any third party carrier to provide all or any portion of said services.

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27. What considerations did TECo Transport provide in exchange for the right of first refusal if one is contained in the contract executed on October 6, 2003?

A. Contract terms, or the absence of a specific term or terms, represent confidential, competitive information. TECO Transport did not provide any consideration in exchange for the right of first refusal in the contract executed on October 6, 2003. TECO Transport has made substantial capital investments in ships that are dedicated to providing services to Tampa Electric. Right of First Refusal options are common in the industry and are typically provided in recognition of the substantial capital investment made for the purpose of transporting cargo, as is the case with this agreement.