

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 ROD BURKHARDT

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

7
8 A. My name is Rod Burkhardt. My mailing address is P.O. Box
9 111, Tampa, Florida 33601, and my business address is 6944
10 U.S. Highway 41 North ,Apollo Beach, Florida 33572. I am
11 Manager, Fuels in the Energy Supply Department of Tampa
12 Electric Company.

13
14 Q. Mr. Burkhardt, please furnish a brief outline of your
15 educational background and business experience.

16
17 A. I graduated from the University Florida in July, 1977 with
18 a Bachelor of Science degree in Chemistry. I began my
19 career with Tampa Electric Company in July 1977 as a
20 chemist in the Production Department. Between 1977 and
21 1986, I held various technical and supervisory positions in
22 the Central Testing Lab. In 1986, I became Supervisor-
23 Budgets for Tampa Electric Company and in 1990 assumed the
24 position of Manager-Central Testing Lab. In 1994 I joined
25 the Fuels Department as Manager-Transportation and Planning

1 and was named to my current position as Manager, Fuels in
2 1995.

3
4 Q. Will you describe some of the responsibilities of your
5 present position?

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7 A. As Manager, Fuels, I am responsible for the planning,
8 procurement, delivery, inventory control, and price
9 forecasting of the company's fuel requirements.

10

11

12 Q. Please state the purpose of your testimony.

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14 A. The purpose of my testimony is to report to the Commission
15 the actual 1997 costs of Tampa Electric's affiliated coal
16 and coal transportation transactions compared to the
17 benchmark prices calculated in accordance with Order No.
18 20298 (coal transportation) and Order No. PSC-93-0443-FOF-
19 EI ("Order No. 93-0443") (coal). I conclude that the 1997
20 prices paid by Tampa Electric to its affiliates TECO
21 Transport and Trade and Gatliff Coal are reasonable and
22 prudent.

23

24 Q. Have you prepared an exhibit which you sponsor in this
25 proceeding?

1 A. Yes. Exhibit No. (RB-1) titled "Exhibit of Rod Burkhardt",
2 consisting of 2 documents, was prepared under my direction
3 and supervision.

4

5 AFFILIATED COAL AND COAL TRANSPORTATION PRICES

6

7 Q. Were Tampa Electric's actual affiliated coal transportation
8 prices for 1997 at or below the transportation benchmark?

9

10 A. Yes, they were. This is reflected in Document No. 1 of my
11 exhibit.

12

13 Q. Were Tampa Electric's actual 1997 affiliated coal prices at
14 or below the benchmark as established in Order No. 93-0443?

15

16 A. Yes, they were. This is reflected in Document No. 2 of my
17 exhibit.

18

19 Q. Please summarize your testimony.

20

21 A. My testimony justifies the prices paid for coal and coal
22 transportation by Tampa Electric Company in 1997 to its
23 affiliated suppliers, Gatliff Coal and TECO Transport. I
24 demonstrate that the average prices for the year 1997 for
25 all coal and coal waterborne transportation services were

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at or below the appropriate benchmark calculations as directed by Order No. 20298 and Order No. 93-0443 of this Commission. Therefore, Tampa Electric should recover its payments for coal and coal transportation made during 1997.

Q. Does this conclude your testimony?

A. Yes, it does.

EXHIBIT NO. RB-1
DOCKET NO. 980001-EI
TAMPA ELECTRIC COMPANY
(RB-1)

TAMPA ELECTRIC COMPANY
EXHIBIT OF ROD BURKHARDT

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TAMPA ELECTRIC COMPANY
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(RB-1)

INDEX

<u>Document No.</u>	<u>Title</u>	<u>Page</u>
1	Transportation Benchmark Calculation	1
2	Coal Benchmark Calculation	3

1997 TRANSPORTATION BENCHMARK CALCULATION

Average Rail Mileage to Tampa	1217	Miles	(Note 1)
x Average of Lowest Two Publicly Available Florida Rail Rates	2.16535 26.35	c/ton mile \$/ton	(Note 2)
+ Costs of Privately Owned Rail Cars	1.75	\$/ton	(Note 3)
Transportation Benchmark for the Year Ended 12/31/97	28.10	\$/ton	(Note 4)

Notes

- 1/ Weighted average domestic rail miles from all Tampa Electric waterborne coal supplies to plants. Rail miles for imported coal sources are measured from port of entry.
- 2/ Cents per ton-mile for publicly available Florida utility rail coal transportation rates including discounts for volume and private rail cars. The current publicly available rail rates to Florida utilities on a cents per ton-mile basis for 1996 are as follows:

JEA	2.24398	c
Orlando	2.112	c*
Lakeland	2.2187	c*
Gainesville	2.70	c

* Average of Lowest Two 2.16535 c

- 3/ The cost of Private rail cars was approved in the original stipulation as \$2.00 per ton. Subsequent negotiation between Tampa Electric and Public Service Commission Staff resulted in an agreed upon estimated cost of \$1.75 per ton.
- 4/ Calculated by multiplying average domestic rail milage to Tampa by Florida rail coal market costs (cents per ton-mile), then adding the costs of privately-owned rail cars.

1997 TRANSPORTATION MARKET PRICE APPLICATION

Tampa Electric Weighted Average per ton Water Transportation Price from All Tampa Electric Coal Sources ($\$$ [REDACTED] divided by 7,184,320.18)	\$ [REDACTED]
Transportation Benchmark	<u>\$ 28.10</u>
Over/(Under) Benchmark	[REDACTED]
Total Tons Transported in 1997	7,184,320.18
Total Transportation Cost in 1997	\$ [REDACTED]
Total Amount Allowable for Recovery Using Benchmark ($\$28.10 \times 7,184,320.18$)	\$ 201,895,989.25
Total Cost Over/(Under) Benchmark - 1997	\$ [REDACTED]
Prior Year's Cumulative Benefit (1988-1996)	\$ [REDACTED]
Net Benefit for 1988-1997	\$ [REDACTED]

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TAMPA ELECTRIC COMPANY
(RB-1)
DOCUMENT NO. 2
PAGE 1 OF 2

MARKET BASED COAL CALCULATION - 1997

Base Price of Coal As of 12/31/92	\$ 38.00
CPI-U Index Value at 12/31/92	141.9
CPI-U Index Value at 12/31/97	161.3
Percent Change in CPI-U From 12/31/92 to 12/31/97	13.7%
1997 Gatliff Coal Price Benchmark ($38.00 \times (1 + 0.137)$)	\$ 43.20

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DOCKET NO. 980001-EI
TAMPA ELECTRIC COMPANY
(RB-1)
DOCUMENT NO. 2
PAGE 2 OF 2

COAL MARKET PRICE APPLICATION - 1997

Tampa Electric Weighted Average per Ton Price of Coal Purchased	\$ <u> </u>
Coal Price Benchmark	\$ <u> 43.20</u>
Over/(Under) Benchmark	\$ <u> </u>
Total Tons Purchased in 1997	1,004,249.25
Total Cost in 1997	\$ <u> </u>
Total Amount Allowable for Recovery Using Benchmark (43.20 x 1,004,249.25)	<u>\$43,383,567.80</u>
Total Cost Over/(Under) Benchmark - 1996	\$ <u> </u>