

**MCWHIRTER REEVES**  
ATTORNEYS AT LAW

TAMPA OFFICE:  
400 NORTH TAMPA STREET, SUITE 2450  
TAMPA, FLORIDA 33602  
P. O. BOX 3350 TAMPA, FL 33601-3350  
(813) 224-0866 (813) 221-1854 FAX

PLEASE REPLY TO:  
  
TALLAHASSEE



TALLAHASSEE OFFICE:  
117 SOUTH GADSDEN  
TALLAHASSEE, FLORIDA 32301  
(850) 222-2525  
(850) 222-5606 FAX

October 18, 1999

RECORDS AND  
REPORTING

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**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 Number 990007-EI

Dear Ms. Bayo:

On behalf of Florida Industrial Power Users Group, enclosed for filing and distribution are the original and 15 copies of the Testimony and Exhibit of Kent D. Taylor.

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

Yours truly,

*Vicki Gordon Kaufman*  
Vicki Gordon Kaufman

VGK/jk

*Vandiver*  
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DOCUMENT NUMBER-DATE

12682 OCT 18 99

FPSC-RECORDS/REPORTING

In Re: Environmental Cost )  
Recovery Clause )  
\_\_\_\_\_ )

Docket No. 990007-EI

Filed: October 18, 1999

**DIRECT TESTIMONY AND EXHIBIT OF**

**KENT D. TAYLOR**

**ON BEHALF OF FLORIDA INDUSTRIAL POWER USERS GROUP**

**KTM**

*Energy Consulting Services*

4909 Pearl East Circle, Suite 104

Boulder, Colorado 80301

DOCUMENT NUMBER-DATE

12682 OCT 18 99

FPSC-RECORDS/REPORTING

1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2                                   **DIRECT TESTIMONY AND EXHIBIT**  
3                                   **OF**  
4                                   **KENT D. TAYLOR**  
5                                   **ON BEHALF OF**  
6                                   **THE FLORIDA INDUSTRIAL POWER USERS GROUP**

7  
8   **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

9   A.    Kent D. Taylor, 4909 Pearl East Circle, Suite 104, Boulder, Colorado, 80301.

10 **Q.    ON WHOSE BEHALF IS YOUR TESTIMONY PRESENTED?**

11 A.    The Florida Industrial Power Users Group (FIPUG).

12 **Q.    BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

13 A.    I am the Chairman of KTM, an energy consulting firm.

14 **Q.    PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND RELEVANT**  
15 **BUSINESS EXPERIENCE.**

16 A.    The information is shown on Exhibit No. \_\_\_ (KDT-1).

17 **Q.    HAVE YOU TESTIFIED BEFORE OTHER REGULATORY BODIES?**

18 A.    Yes, I have testified before the Federal Energy Regulatory Commission, the Colorado  
19 Public Utilities Commission, the Public Service Commission of Nevada, Regie Du Gaz  
20 Natural Du Quebec, and the Florida Public Service Commission.

21 **Q.    IN WHAT CAPACITY?**

22 A.    I have testified as a cost of service, cost allocation and rate design witness and also as a

1 client management representative.

2 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

3 A. I will advance FIPUG's position that the rates which are proposed by Tampa Electric in  
4 this docket are unjust.

5 **Q. ARE YOU PRESENTING EXHIBITS IN SUPPORT OF YOUR TESTIMONY?**

6 A. No. Time constraints did not allow for detailed quantitative analysis. Consequently, the  
7 conclusions and positions offered are conceptual rather than specific.

8 **Q. WHAT RETURN ON EQUITY SHOULD BE GRANTED BY THE COMMISSION  
9 ON THE BIG BEND SCRUBBER INVESTMENTS?**

10 A. If risk of revenue recovery is the primary determinant of the appropriate return then surely  
11 the low end of the acceptable range is what is appropriate - 10.75%. The probability that  
12 TECO will under recover its costs is nonexistent because the return is guaranteed.

13 **Q. DO YOU BELIEVE IT IS APPROPRIATE TO INCLUDE THE SCRUBBER  
14 INVESTMENTS AND ASSOCIATED REVENUES IN THIS FILING FOR  
15 RECOVERY?**

16 A. No. The benefits from the scrubber will not occur until 2003. I believe the ratepayers will  
17 be better served if they begin paying for the facility at the same time the benefits begin.  
18 Matching costs and revenues is sound regulatory policy. During the interim, TECo could  
19 continue to capitalize interest.

20 **Q. ARE THERE OTHER REASONS WHY REVENUE RECOVERY SHOULD BE  
21 DELAYED?**

22 A. Yes. The materiality of the scrubber investment - in excess of \$83 million - requires that

1 this issue be vetted through a general rate case. For instance, TECo's capital structure is  
2 heavily weighted in favor of common equity, presumably causing ratepayers to pay  
3 significantly more than would be required were a more reasonable capital structure used.

4 **Q. DO YOU HAVE OTHER GENERIC RECOMMENDATIONS REGARDING THIS**  
5 **DOCKET?**

6 A. Yes. The current Commission policy is to require intervenor testimony a week after the  
7 utility files its ECRC and FAC projections and testimony. This severe time constraint  
8 impairs the quality of the intervention and the ability of intervenors to meaningfully  
9 participate. I recommend that there be at least three months between the filing of utility  
10 testimony and projections and the due date of intervenor testimony.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes.

**KENT D. TAYLOR**  
**PROFESSIONAL QUALIFICATIONS**

**INDUSTRY  
EXPERIENCE**

***OCTOBER 1984 to PRESENT***

Chairman, KTM, an energy management and consulting business specializing in the economic interests of large natural gas and electricity users.

***JANUARY 1984 to OCTOBER 1984***

Director of Gas Acquisitions, KN Energy, Inc. Responsible for natural gas supply for company's integrated pipeline system, operating in seven states. Other responsibilities included all liquids marketing, negotiation of transportation and exchange agreements, pursuit of additional markets, and gas sales agreements for affiliate exploration company.

***APRIL 1981 to JANUARY 1984***

Director of Corporate Development, Celeron Corporation. Responsible for new business development, acquisitions and mergers, strategy development for existing pipelines (Louisiana Intrastate Gas and Mid Louisiana Gas), and gas marketing for Rocky Mountain area exploration efforts.

***AUGUST 1980 to APRIL 1981***

Senior Sales Representative, Colorado Interstate Gas Company (CIG). Primary responsibility was new market development. Also negotiated industrial gas sales agreements.

***APRIL 1978 to JULY 1980***

Senior Staff Analyst, Special Projects, CIG. Responsibilities included formulation of negotiating strategies, initiation of new business opportunities and economic analyses for investment decisions.

***JANUARY 1975 to AUGUST 1978***

Senior Rate Analyst, CIG. All facets of interstate pipeline rate making.

**KENT D. TAYLOR**  
**PROFESSIONAL QUALIFICATIONS**

**EDUCATION**

BSBA, University of Florida, Gainesville, Florida  
1967  
Major: Accounting

MS, The George Washington University, Washington D.C.  
1972  
Major: Public Administration

MBA, University of Colorado, Colorado Springs  
1979  
Major: Accounting/Finance

U.S. Naval Flight Training  
Designated U.S. Naval Aviator July 1969

Defense Resource Management Education Course, Navy  
Postgraduate School, Monterey, California  
1988

**PROFESSIONAL QUALIFICATIONS**

Certified Public Accountant  
Captain, U.S. Naval Reserve (ret)

**OTHER TESTIMONY**

Regie Du Gaz Natural Du Quebec  
Florida Public Service Commission  
Colorado Public Utilities Commission  
Public Service Commission of Nevada  
Federal Energy Regulatory Commission

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Testimony and Exhibit of Kent D. Taylor have been furnished by hand delivery(\*) or by U.S. Mail this 18th day of October, 1999 to the following:

(\*) Grace Jaye  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

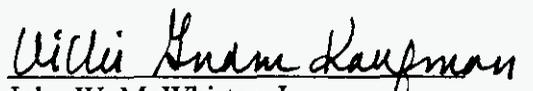
Lee L. Willis  
James Beasley  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302

John Roger Howe  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street  
Room 812  
Tallahassee, Florida 32399-1400

Matthew M. Childs  
Steel Hector & Davis  
215 South Monroe Street  
Suite 601  
Tallahassee, Florida 32301-1804

Gail Kamaras, Director  
Legal Environmental Assistance Foundation  
1114-E Thomasville Road  
Tallahassee, Florida 32303-6290

Jeffery A. Stone  
Beggs and Lane  
Post Office Box 12950  
Pensacola, Florida 32576-2950

  
John W. McWhirter, Jr.  
McWhirter Reeves McGlothlin Davidson  
Decker Kaufman Arnold & Steen, P.A.  
400 North Tampa Street, Suite 2450  
Tampa, Florida 33601-3350

Vicki Gordon Kaufman  
McWhirter Reeves McGlothlin Davidson  
Decker Kaufman Arnold & Steen, P.A.  
117 South Gadsden Street  
Tallahassee, Florida 32301

Attorneys for the Florida Industrial Power  
Users Group