

ORIGINAL

TAMPA ELECTRIC COMPANY
DOCKET NO. 950379-EI
FILED: 4/17/00

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 CHARLES R. BLACK

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

7
8 A. My name is Charles R. Black. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am Vice
10 President-Energy Supply, Engineering & Construction for
11 Tampa Electric Company ("Tampa Electric" or "company").

12
13 Q. Please provide a brief outline of your educational
14 background and business experience.

15
16 A. I graduated from the University of South Florida in
17 August 1973 with a Bachelor of Science degree in
18 Engineering, majoring in Chemical Engineering. I am a
19 Registered Professional Engineer in the State of Florida.
20 I began my career with Tampa Electric in September 1973
21 as a staff engineer in the Production Department.
22 Between 1973 and 1989, I held various engineering and
23 management positions in the Production Department, Power
24 Plant Engineering Department, and the Budget Department.
25 In March of 1989, I joined our affiliated company, TECO

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FPSC-RECORDS/REPORTING

1 Power Services as Director Engineering and Construction.
2 In December of 1990, I was elected Vice President of
3 Engineering and Construction. In December of 1991, I
4 returned to Tampa Electric as Vice President of Project
5 Management. In December 1996 I assumed the role of Vice
6 President, Energy Supply and currently serve as Vice
7 President, Energy Supply, Engineering & Construction.
8

9 Q. Have you previously testified before the Florida Public
10 Service Commission ("Commission")?
11

12 A. Yes. I testified in support of the prudence of Polk Unit
13 One in Docket No. 960409-EI and in support of cost
14 estimates associated with the proposed flue gas
15 desulfurization system in Docket No. 980693-EI. I also
16 testified in Docket No. 990001-EI regarding the Gannon
17 Unit 6 accident.
18

19 Q. What is the purpose of your testimony in this proceeding?
20

21 A. The purpose of my testimony is to support the final
22 capital cost of the Polk Power Station project included
23 in rate base and confirm that this amount was within the
24 amount identified in Order No. PSC-96-1300-EI
25 ("Stipulation") dated October 24, 1996 as described by

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Tampa Electric witness Barringer in his direct testimony.

Q. Have you prepared an exhibit in support of your testimony?

A. Yes. My exhibit (CRB-1) entitled "Polk Power Station Project Final Capital Cost Summary" was prepared under my direction and supervision.

Q. Please describe the Polk Power Station project.

A. The Polk Power Station project was established in 1994 to bring Polk Unit One into commercial operation. Polk Unit One is a 250 MW integrated coal-gasification combined cycle unit. The unit represents the largest commercial application of this coal-gasification technology in the world. Because of the developmental nature of this project, the U.S. Department of Energy awarded \$150 million of co-funding through a cooperative agreement.

Q. What was the actual final capital cost of the Polk Power Station project that was included in Tampa Electric's rate base?

1 A. The actual final cost of the Polk Power Station project
2 that was placed in service and included in rate base was
3 \$509.9 million, after recording normal accruals for
4 completions and final billings.

5

6 Q. Has Tampa Electric properly reflected the amount of the
7 Polk Power Station project in rate base as prescribed by
8 the Stipulation?

9

10 A. Yes. As described in Tampa Electric witness Barringer's
11 testimony, the Stipulation between the company, the
12 Office of Public Counsel and the Florida Industrial Power
13 Users Group required that the final capital cost for the
14 Polk Power Station project to be included in rate base
15 should not exceed \$506.165 million plus one percent. The
16 final capital cost of \$509.9 million is within one
17 percent of the \$506.165 million prescribed by the
18 Stipulation. This amount represents the capital needed
19 for the plant to become operational and \$18.9 million for
20 land.

21

22 Q. What criteria does Tampa Electric use to determine that a
23 unit is ready for commercial operation and when did Polk
24 Power Station project meet this criteria?

25

1 A. Tampa Electric places a project in service when it is
2 ready to function as an integrated facility. The Polk
3 Power Station project began commercial operation as an
4 integrated facility on September 30, 1996.

5
6 Q. Was the criteria used to place the Polk Power Station
7 project into service consistent with the method Tampa
8 Electric used to place other capital projects into
9 service?

10
11 A. Yes.

12
13 Q. What is the source of the \$506.165 million estimate used
14 in the Stipulation and what is the importance of this
15 source?

16
17 A. Tampa Electric identified in Docket No. 960409-EI that
18 the expected cost for the Polk Power Station project
19 would be approximately \$506 million. This \$506 million
20 estimate was important because it was the basis for the
21 provision in the Stipulation that stated that the final
22 capital cost for the Polk Power Station project included
23 in rate base should not exceed \$506 million plus one
24 percent.

25

1 Q. How did Tampa Electric's actual capital spending for the
2 Polk Power Station project compare to the estimate
3 provided in Docket No. 960409?
4

5 A. As shown on my exhibit, the actual capital spending for
6 this project was within one percent of the \$506.165
7 million contemplated in Docket No. 960409 and agreed upon
8 in the Stipulation.
9

10 Q. Does this conclude your testimony?
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12 A. Yes, it does.
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EXHIBIT NO. _____(CRB-1)
TAMPA ELECTRIC COMPANY
DOCKET NO. 950379-EI
WITNESS: BLACK

TAMPA ELECTRIC COMPANY

EXHIBIT

OF

CHARLES R. BLACK

EXHIBIT NO. _____(CRB-1)
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**Polk Power Station Project
Final Capital Cost Summary
(Thousands)**

	Docket No. 960409-EI	Actual		
		Estimate	L50	Land
1992	\$15,295	\$15,295	\$1,452	\$16,747
1993	75,527	55,816	18,259	74,076
1994	102,273	103,065	(793)	102,273
1995	215,380	217,716	0	217,716
1996	97,690	97,634	0	97,634
1997	<u>0</u>	<u>1,464</u>	<u>0</u>	<u>1,464</u>
Total	\$506,165	\$490,990	\$18,919	\$509,909