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RECORDS AND REPORTING

February 1, 2001

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Complaint of Allied Universal Corporation and Chemical Formulators, Inc.
against Tampa Electric Company; FPSC Docket No. 000061-EI

Dear Ms. Bayo:

Enclosed for filing on behalf of Tampa Electric Company in the above proceeding are the original and fifteen (15) copies of the revised redacted supplemental testimony of Tampa Electric witness William R. Ashburn. This revised redacted testimony is submitted in conformity with the confidentiality rulings set forth in Order No. PSC-01-0232-CFO-EI issued in this proceeding January 25, 2001. This is the "public version" of Mr. Ashburn's revised supplemental testimony. The confidential version is being submitted under a separate transmittal letter requesting confidential treatment pursuant to the Prehearing Officer's prior rulings.

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

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- OTH _____

JDB/pp
Enclosures

cc: All Parties of Record (w/enc.)

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

01481 FEB-15

FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED SUPPLEMENTAL DIRECT TESTIMONY

3 OF

4 WILLIAM R. ASHBURN

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

7
8 A. My name is William R. Ashburn. My business address is
9 702 North Franklin Street, Tampa, Florida 33602. I am
10 Manager, Pricing for Tampa Electric Company ("Tampa
11 Electric" or "the company").

12
13 Q. Are you the same William R. Ashburn who filed prepared
14 direct testimony in this proceeding on June 28, 2000?

15
16 A. Yes I am.

17
18 Q. What is the purpose of your supplemental testimony in
19 this proceeding?

20
21 A. The purpose of my supplemental testimony is to correct
22 the numerical comparison provided as Document No. 2 of
23 Exhibit No. __ (WRA-1) of my direct testimony. I will
24 discuss the implications of those corrections with regard
25 to the rate last discussed with Allied Universal/Chemical

1 Formulators, Inc. ("Allied/CFI") compared to the Odyssey
2 Manufacturing Company ("Odyssey") Commercial/Industrial
3 Service Rider ("CISR") tariff Contract Service Agreement
4 ("CSA").
5

6 Q. Have you prepared an exhibit supporting your testimony in
7 this proceeding?
8

9 A. Yes. My Exhibit No. ___ (WRA-2) consists of three
10 documents.
11

12 Q. What correction do you wish to make?
13

14 A. During the course of reviewing discovery materials being
15 provided in this proceeding it was discovered that an
16 erroneous assumption was used in determining the overall
17 average rate per MWH resulting from the on-peak and off-
18 peak rates provided to Allied/CFI. This overall average
19 rate, which was intended to represent a weighted average
20 aggregation of the on-peak and off-peak rates discussed
21 with Allied/CFI, was shown as Document No. 2 of Exhibit
22 No. ___ (WRA-1) and described in my direct testimony.
23

24 The erroneous assumption was that Allied/CFI would
25 consume [REDACTED] percent of the energy needed at their new

1 facility during on-peak hours and [REDACTED] percent during off-
2 peak hours. Upon closer examination, it became clear that
3 this assumed ratio of on-peak and off-peak energy usage
4 was erroneous, given the high load factor ([REDACTED] percent)
5 projected for Allied/CFI's proposed plant based on
6 information provided by Allied/CFI during negotiations.
7 It was further confirmed by the actual on-peak/off-peak
8 ratio actually experienced at Odyssey's plant since it
9 commenced operations this spring. Use of this erroneous
10 assumption resulted in an overstated overall average rate
11 for Allied/CFI of [REDACTED] per MWH before taxes as shown in
12 Document No. 2 of Exhibit No. __ (WRA-1).

13
14 Q. What energy consumption ratio should be used and what
15 would be the correct overall average rate for Allied/CFI
16 if it is applied?

17
18 A. A more appropriate [REDACTED] percent on-peak and [REDACTED] percent off-
19 peak consumption ratio [REDACTED]
20 should be utilized. When it is, the calculated overall
21 average rate for Allied/CFI is [REDACTED] per MWH before
22 taxes. A revised version of my original Document No. 2 is
23 provided as Document No. 1 of Exhibit No. __ (WRA-2)
24 showing a revised side-by-side comparison of the Odyssey
25 and Allied/CFI rates.

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Q. Why would the assumed ratio between the on-peak/off-peak consumption matter with regard to the Allied/CFI rate calculation?

A. The term sheet prepared by Tampa Electric and provided to Allied/CFI clearly shows that the rate design for Allied/CFI



is provided as Document No. 2 of my Exhibit __ (WRA-2).

The impact of this change in on-peak/off-peak energy consumption on Allied/CFI's average electric rate is

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provided in Document No. 3 of my exhibit which is based on the CISR rate calculation provided as an attachment to the term sheet. The only difference between the two rate calculations shown in Document No. 3 is the change in the on-peak/off-peak energy consumption.

Q. Would Allied/CFI have been able to determine the impact on its average rate of a change in the on-peak/off-peak ratio during the negotiations?

A. Yes. All of the detail necessary to recalculate the impact of different on-peak/off-peak ratios was provided to Allied/CFI in the attachment to the term sheet and the GSLDT tariff sheets which show the time of use periods. Certainly, with this information, Allied/CFI was in a better position to determine what its expected on-peak energy consumption would be at its proposed plant than Tampa Electric.



1 Q. If the on-peak/off-peak energy usage impacts Allied/CFI's
2 average rate calculation, would it have impacted
3 Odyssey's average rate for the same reason?
4

5 A.



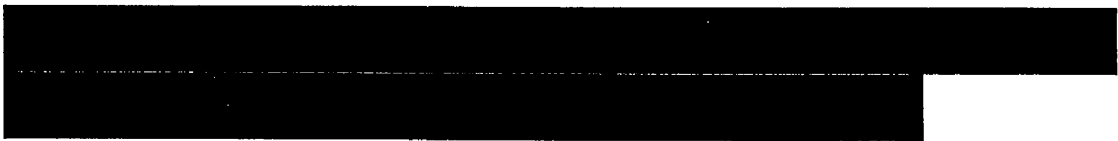
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14 Q. Does this change in ratio impact anything else with
15 regard to your analysis of either Odyssey or Allied/CFI?
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17 A. Yes.



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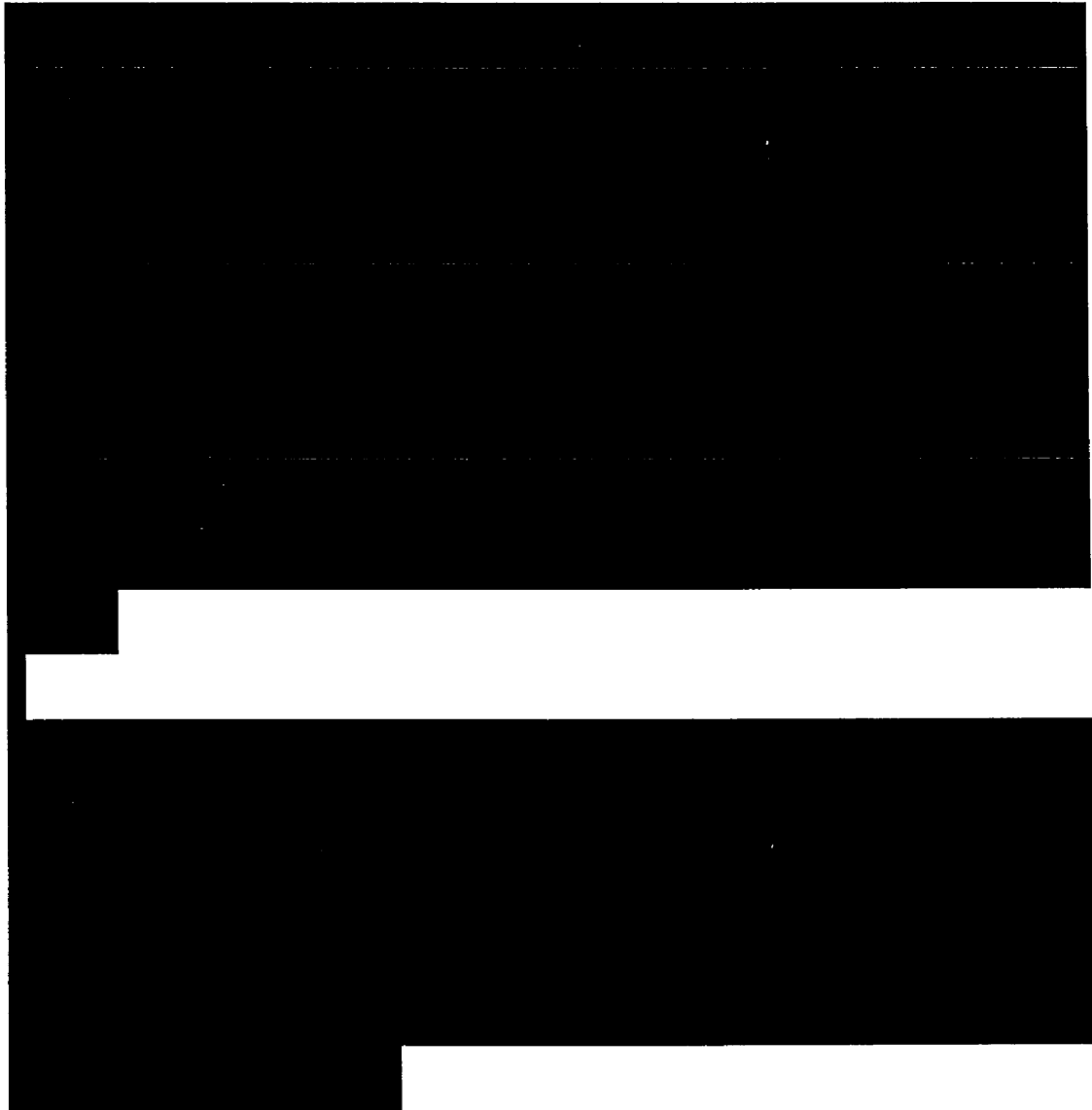
Q. If the change in ratio affects the benefit portion of the BCR, would it not also affect the cost portion?

A. It could if the same ratio was pervasive throughout the analysis, but in this case the ratio was confined to the calculation of revenues used as input for the RIM model. Incremental cost inputs for the RIM were derived from other models or sources that were not impacted by this erroneous assumption. For example, the incremental fuel cost is an output from the production-costing model, PROMOD, which determines a customer's impact on unit dispatch and resulting fuel costs based on inputs of customer demand, load factor, and load profile. No change in cost is necessary for either analysis.

Q. Are there any other changes you would make to your analysis?

A. Yes. A large black rectangular redaction box covering the remainder of the answer, starting from line 22 and extending to line 25.

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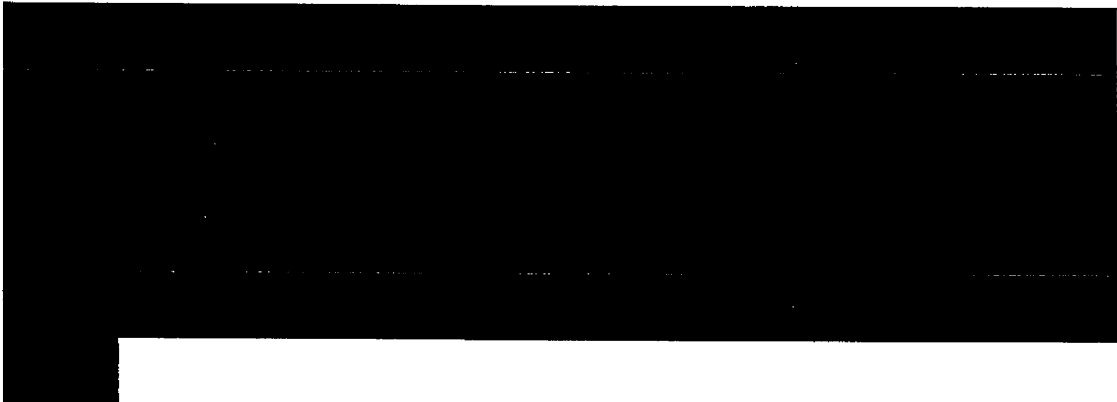


Q. What are the impacts of the actual values that result from this change?

A. As discussed earlier, Document No. 1 of my Exhibit No. __ (WRA-2) reflects an updated rate comparison between Odyssey and Allied/CFI.



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Q. Does this conclude your testimony?

A. Yes, it does.