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October 26, 2001

HAND DELIVERED

Ms. Blanca S. Bayo, Director  
Division of Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance  
Incentive Factor; FPSC Docket No. 010001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket, on behalf of Tampa Electric Company, are the  
original and ten (10) copies of each of the following:

1. Rebuttal Testimony and Exhibit (JDJ-4) of J. Denise Jordan. **13582-01**
2. Rebuttal Testimony of W. Lynn Brown. **13583-01**

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 5+1 TV JDB/pp
- CTR \_\_\_\_\_ Enclosures
- ECR \_\_\_\_\_
- LEG 1 \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- RGO \_\_\_\_\_
- SEC 1+ Cvr. ltr. \_\_\_\_\_
- SER \_\_\_\_\_
- OTH \_\_\_\_\_

cc: All parties of record (w/enc.)

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

**13582 OCT 26 01**

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Rebuttal Testimony, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (\*) on this 26<sup>th</sup> day of October, 2001 to the following:

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\_\_\_\_\_  
ATTORNEY



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 010001-EI  
IN RE: FUEL & PURCHASED POWER COST RECOVERY  
AND  
CAPACITY COST RECOVERY  
PROJECTIONS  
JANUARY 2002 THROUGH DECEMBER 2002  
REBUTTAL TESTIMONY AND EXHIBIT  
OF  
J. DENISE JORDAN

DOCUMENT NUMBER - DATE

13582 OCT 26 2002

FPSC-COMMISSION CLERK

1                                   BEFORE THE PUBLIC SERVICE COMMISSION

2                                   PREPARED REBUTTAL TESTIMONY

3                                   OF

4                                   J. DENISE JORDAN

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

7  
8    **A.**    My name is J. Denise Jordan. My business address is 702  
9            North Franklin Street, Tampa, Florida 33602. I am  
10           employed by Tampa Electric Company ("Tampa Electric" or  
11           "Company") as Director, Rates and Planning in the  
12           Regulatory Affairs Department.

13  
14   **Q.**    Are you the same J. Denise Jordan who has presented  
15           Prepared Direct Testimony in this proceeding?

16  
17   **A.**    Yes I am.

18  
19   **Q.**    What is the purpose of your testimony?

20  
21   **A.**    The primary purpose of my testimony is to highlight the  
22           deficiencies and inaccuracies of the testimony of Mr.  
23           Jeffrey Pollock, testifying on behalf of the Florida  
24           Industrial Power Users Group ("FIPUG"). Because FIPUG's  
25           other witness, Mr. Brian Collins, refers to Mr. Pollock's

1 testimony, I must occasionally refer to his testimony as  
2 well, however Tampa Electric's witness, Lynn Brown,  
3 addresses most of Mr. Collins' testimony, particularly  
4 the portion Mr. Collins refers to as his "audit."  
5

6 **Q.** Have you prepared any exhibits to support your testimony?  
7

8 **A.** Yes. My Exhibit No. \_\_\_\_\_ (JDJ-4) is furnished as support  
9 for the calculation of the projected 2002 wholesale  
10 average system fuel cost adjustment.  
11

12 **Q.** Please address your overall assessment of FIPUG's  
13 testimony.  
14

15 **A.** Mr. Pollock's testimony is largely duplicative of the  
16 testimony submitted by Mr. Collins. Mr. Pollock makes  
17 the erroneous conclusion that Tampa Electric favors its  
18 wholesale customers at the expense of its retail  
19 customers. Like Mr. Collins, Mr. Pollock ignores the  
20 fact that all of the investment and O&M expenses  
21 associated with the generating capacity serving Tampa  
22 Electric's long-term firm wholesale customers is  
23 separated from the retail jurisdiction, meaning that the  
24 company's retail rates do not include the costs  
25 associated with making these sales. Therefore, retail

1 customers do not pay for separated wholesale sales.

2  
3 Both Messrs. Pollock and Collins fail to realize or  
4 acknowledge that currently with the exception of one unit  
5 power sale, all other separated sales are charged average  
6 system fuel costs which includes not only the fuel costs  
7 for Tampa Electric's own generation, but the costs for  
8 purchased power as well. Exhibit No. \_\_\_\_\_ (JDJ-4)  
9 demonstrates the calculation of the 2002 projected  
10 average system fuel cost adjustment. The total system  
11 fuel and net power transaction costs are the same costs  
12 as shown in the 2002 retail fuel and purchased power cost  
13 recovery clause calculation Schedule E-1 on page 24 of my  
14 testimony filed on September 20, 2001. In addition, just  
15 as with the retail fuel cost recovery, there is a true-up  
16 mechanism for wholesale fuel and purchased power  
17 expenses. It appears that both Messrs. Pollock and  
18 Collins have overlooked the components of the average  
19 system fuel costs and the true up mechanism. As a  
20 result, they have incorrectly concluded that 100 percent  
21 of the costs of purchased power is borne by retail  
22 ratepayers.

23  
24 Like Mr. Collins, Mr. Pollock blurs the distinction  
25 between separated wholesale sales (for which the retail

1 customers do not pay) and the company's non-separated  
2 sales (which significantly benefit Tampa Electric's  
3 retail customers and do not cause interruptions or buy-  
4 through power purchases for interruptible customers).  
5 Also, like Mr. Collins, Mr. Pollock ignores that this  
6 Commission has specifically addressed the fuel adjustment  
7 treatment of long-term separated wholesale sales in  
8 previous dockets.

9  
10 Perhaps the greatest indictment of Mr. Pollock's  
11 testimony is the fact that he accepts and relies on the  
12 "audit" prepared by Mr. Collins and the conclusions he  
13 draws therefrom. The overwhelming defects of Mr.  
14 Collins' "audit" and his resulting flawed conclusions are  
15 described in witness Brown's rebuttal testimony.

16  
17 Finally, Mr. Pollock's testimony, like so many of FIPUG's  
18 recent efforts in this and other dockets, seeks to  
19 postpone or avoid Tampa Electric's recovery of legitimate  
20 fuel and purchased power costs. Mr. Pollock does so  
21 based on the absolutely erroneous ground that Tampa  
22 Electric has failed to provide FIPUG with information  
23 necessary for the preparation of intervenor testimony.

24  
25 **Alleged Delays and Reluctance in Providing FIPUG Information**

1 Q. What information has Tampa Electric provided to FIPUG in  
2 this docket?

3

4 A. Tampa Electric has provided everything FIPUG requested  
5 with the exception of one interrogatory and two subparts  
6 of a second interrogatory regarding highly proprietary  
7 coal pricing information - a topic which is not addressed  
8 in Mr. Collins' "audit" or Mr. Pollock's testimony. All  
9 information was provided in a timely manner.

10

11 Q. Please describe the extent of Tampa Electric's responses  
12 to discovery requests from FIPUG.

13

14 A. In this docket, the company has responded to over 85  
15 discovery requests including some 195 subparts. Twenty-  
16 five of these items asked for hourly data and 164 of them  
17 asked for information covering multiple years. In total,  
18 Tampa Electric has provided over 1,300 pages of  
19 interrogatory responses and nearly 6,000 pages of  
20 documents requested by FIPUG. It is absurd for FIPUG's  
21 witnesses to make allegations that the company has  
22 resisted in responding and has not provided the required  
23 data in a timely manner without having all of the facts  
24 before them.

25



1 Q. Did Tampa Electric resist and/or delay providing its  
2 responses to FIPUG?

3  
4 A. Absolutely not. Tampa Electric even offered on several  
5 occasions, beginning as early as May 8, 2001, to supply  
6 FIPUG with highly competitive and confidential  
7 information the company had objected to if FIPUG would  
8 sign a non-disclosure agreement. These offers went  
9 unanswered by FIPUG until August 20, 2001. Tampa  
10 Electric has accommodated FIPUG's extensive discovery  
11 requests, and Mr. Pollock, like Mr. Collins, has stated  
12 no basis for claiming otherwise. While the suggestion of  
13 delay and resistance is consistent with FIPUG's standard  
14 approach, their arguments in this regard lack merit and  
15 should be rejected.

16  
17 Other Inaccurate Assertions and Statements

18 Q. Please comment on FIPUG's assertion that Tampa Electric  
19 allocates 100 percent of its purchased power costs to  
20 retail customers.

21  
22 A. This assertion is categorically incorrect. Unfortunately  
23 for FIPUG, it based a significant portion of its "audit"  
24 and "analysis" on this erroneous assumption. Certainly  
25 the contractual terms of separated sales must be adhered

1 to, but for the majority of wholesale sales agreements,  
2 the fuel factor charged is the average system fuel costs,  
3 which as I stated earlier consist of Tampa Electric's own  
4 generation fuel expenses and purchased power costs.  
5 There is also a true-up provision similar to that  
6 employed in the retail jurisdiction to ensure the  
7 collection of the fuel and net power transaction costs.

8  
9 **FIPUG's Recommended Actions**

10 Q. Please comment on Mr. Pollock's recommended action that  
11 "separated sales should be charged average system fuel  
12 and purchased power costs, while non-separated sales  
13 should be charged system incremental costs."

14  
15 A. I partially agree with Mr. Pollock, only because his  
16 recommendation is somewhat consistent with this  
17 Commission's established policies. Order No. PSC-97-  
18 0262-FOF-EI in Docket No. 970001-EI issued March 11, 1997  
19 requires that separated sales, on a prospective basis, be  
20 credited at average system fuel cost. For those  
21 contracts entered before the order date, contractual  
22 terms will dictate price and cost responsibility. Non-  
23 separated sales being charged at system incremental costs  
24 is the subject of an open docket, Docket No. 010283-EI,  
25 (interestingly, contested by FIPUG regarding the

1 definition of "incremental") and is supported by Tampa  
2 Electric.

3  
4 **Q.** How do you respond to Mr. Pollock's first recommended  
5 action outlined on page 6 of his testimony regarding  
6 allocating a portion of purchased power to wholesale  
7 sales?

8  
9 **A.** FIPUG will be pleased to know that Tampa Electric is  
10 already complying with the terms they recommend. The  
11 company is complying with Order No. PSC-97-0262-FOF-EI  
12 for separated sales and is charging system incremental  
13 costs for non-separated sales.

14  
15 **Q.** Please respond to FIPUG's second recommended action as  
16 stated on page 6 of Mr. Pollock's testimony having to do  
17 with the opening of a separate docket.

18  
19 **A.** As Tampa Electric's testimony has proven, along with the  
20 annual audits performed for the periods in question by  
21 the Commission's staff, the company has appropriately  
22 managed its long-term wholesale contracts. Furthermore,  
23 Tampa Electric has been responsive to FIPUG's discovery  
24 requests. Between the information the company has  
25 provided both to FIPUG and to the Commission Staff, the

1 review of Tampa Electric's long-term separated wholesale  
2 contracts by the Commission and the FERC and the detailed  
3 audits this Commission has performed, there is simply no  
4 justification for the creation of a separate docket.  
5 Certainly FIPUG's unfounded speculation and misuse of  
6 data do not warrant such action.

7  
8 **Q.** Please respond to FIPUG's third recommended action to  
9 hold Tampa Electric's fuel and purchased power true up in  
10 abeyance.

11  
12 **A.** It is unnecessary to hold the company's under-recovery in  
13 abeyance pending the outcome of any separate new docket.  
14 This is an on-going docket and as stated above, all of  
15 FIPUG's assertions have been reviewed and will continue  
16 to be reviewed by this Commission. FIPUG continues to  
17 attempt to reach as far back as 1999 in an attempt to  
18 allege some type of inappropriate action. FIPUG has not  
19 revealed anything new and this Commission has already  
20 exhaustively reviewed the periods in question. The  
21 bottom line is that FIPUG has not proven anything that  
22 should cause this Commission to withhold or delay Tampa  
23 Electric's recovery of prudently incurred costs.

24  
25 **Q.** Please respond to FIPUG's fourth recommended action

1           having to do with an investigation of Tampa Electric's  
2           affiliate transactions.

3  
4       **A.**   FIPUG's fourth recommended action is perhaps the most  
5           unusual of them all. FIPUG asserts that "the Commission  
6           should conduct a more thorough investigation of TECO's  
7           affiliate transactions and its procurement of power for  
8           wholesale customers." Mr. Pollock follows this statement  
9           with, "[S]pecifically, Mr. Collins has observed that TECO  
10          has purchased low-cost power at wholesale and directly  
11          allocated this purchase to wholesale customers."  
12          Finally, Mr. Pollock suggests, "[T]he issue to be  
13          resolved is whether this practice and TECO's affiliate  
14          transactions are both prudent and beneficial to retail  
15          customers."

16  
17          I cannot understand Mr. Pollock's demands given the lack  
18          of evidence provided in his testimony. All affiliate  
19          wholesale power transactions are cost-based, as required  
20          by the FERC. Tampa Electric and its affiliates have  
21          requested and received approval from FERC for its two  
22          wholesale energy transactions: 1) the purchase of Hardee  
23          power plant capacity and energy, and 2) the sale of a  
24          portion of Big Bend Unit 4. In addition, these  
25          transactions were reviewed and approved by this

1 Commission.

2

3 Q. Should the Commission consider Mr. Pollock's invitation  
4 to "delay and investigate"?

5

6 A. Absolutely not. Mr. Pollock's efforts in this regard are  
7 groundless. FIPUG's position via Mr. Pollock's testimony  
8 has not changed. The Commission has seen this position  
9 served up by FIPUG in numerous recent proceedings and has  
10 rightly rejected these tactics. FIPUG, in general, and  
11 Messrs. Pollock and Collins, in particular, offer no  
12 justification whatsoever for a different result here.

13

14 Q. Does this conclude your testimony?

15

16 A. Yes it does.

17

18

19

20

21

22

23

24

25

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 010001-EI  
TAMPA ELECTRIC COMPANY  
(JDJ-4)

**TAMPA ELECTRIC COMPANY  
WHOLESALE PROJECTED AVERAGE SYSTEM FUEL COST ADJUSTMENT  
FOR THE PERIOD JANUARY 2002 THROUGH DECEMBER 2002**

	DOLLARS	MWH	CENTS/ KWH
<b>1. TOTAL FUEL AND NET POWER TRANSACTIONS</b> (Schedule E-1, Line 28)	524,987,155	18,930,734	
<b>1a. LESS FERC NON-RECOV. FUEL EXPENSES</b>	(1,437,577)		
<b>2. PEABODY COAL CONTRACT BUY-OUT AMORT.</b>	3,615,631		
<b>3. JURISDICTIONAL SALES O &amp; M AND GAINS</b>	3,349,700		
<b>4. FIRM EMERGENCY PURCHASE O &amp; M</b>	0		
<b>5. TOTAL (LINES 1 THRU 4)</b>	530,514,909	18,930,734	2.802
<b>6. LOSS FACTOR</b>			0.97570
<b>7. AVERAGE SYSTEM FUEL COSTS INCL. LOSSES</b> (Line 5 X Line 6)			2.734
<b>8. BASE AVERAGE SYSTEM FUEL COSTS</b> (Per FERC AR-1 Tariff)			2.159
<b>9. ADJUSTMENT (Line 7 - Line 8)</b>			0.575