

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost)
Recovery Clause with Generation) DOCKET NO. 030001-EI
Performance Incentive Factor) FILED: OCTOBER 24, 2003
_____)

CSX TRANSPORTATION'S SUPPLEMENTAL POSITIONS

CSX Transportation ("CSX"), subject to its pending petition to intervene and pursuant to its representations at the Prehearing Conference held today in the above-styled docket, hereby submits its statement of basic position and its positions on Issues 5, 6, 8, 17E, 17F, 17G, and 17H.

Statement of Basic Position

TECO's fuel and purchased power cost recovery amounts for 2004 should be subject to a true-up and also subject to refund based on what the Commission determines to be the reasonable and prudent costs associated with coal transportation to Big Bend station. CSX offered to deliver coal to TECO's Big Bend station, for delivery beginning in 2004, at prices that would save TECO's customers millions of dollars per year as compared to the purported "winning bid" as determined by TECO in its RFP process. Accordingly, TECO's projected coal transportation costs are neither reasonable nor prudent. CSX further agrees with the Citizens and FIPUG that this and related issues should be deferred to a separate proceeding.

Issue 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factors for the period January 2004 through December 2004?

CSX Position: TECO's net fuel and purchased power cost recovery amounts for 2004 will be determined pursuant to evidence presented in the hearing. Any such amounts should be subject

to a true-up and also subject to refund based on what the Commission determines to be the reasonable and prudent costs associated with coal transportation to Big Bend station, including (without limitation) the Commission's decisions with respect to Issues 17E and 17F.

Issue 6: What are the appropriate levelized fuel cost recovery factors for the period January 2004 through December 2004?

CSX Position: TECO's levelized fuel cost recovery factor for 2004 will be determined pursuant to evidence presented in the hearing. Any such amount should be subject to a true-up and also subject to refund based on what the Commission determines to be the reasonable and prudent costs associated with coal transportation to Big Bend station, including (without limitation) the Commission's decisions with respect to Issues 17E and 17F.

Issue 8: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

CSX Position: TECO's fuel cost recovery factors for each rate class and delivery voltage level for 2004 will be determined pursuant to evidence presented in the hearing. All such factors, and all amounts collected by TECO pursuant thereto, should be subject to a true-up and also subject to refund based on what the Commission determines to be the reasonable and prudent costs associated with coal transportation to Big Bend station, including (without limitation) the Commission's decisions with respect to Issues 17E and 17F.

Issue 17E: Is Tampa Electric's June 27, 2003, request for proposals sufficient to determine the current market price for coal transportation?

CSX Position: No. CSX agrees with the Staff's position (as reflected in the draft prehearing order distributed at the prehearing conference) regarding the deficiencies in TECO's RFP

process, and CSX also agrees with the Citizens and FIPUG that the Commission and parties lack sufficient information regarding this issue, that there has not been adequate time to properly investigate and evaluate this issue, and that this issue should be deferred to a later proceeding.

Issue 17F: Are Tampa Electric's projected coal transportation costs for 2004 through 2008 under the winning bid to its June 27, 2003, request for proposals for coal transportation reasonable for cost recovery purposes?

CSX Position: No. CSX offered to deliver coal to TECO's Big Bend station, for delivery beginning in 2004, at prices that would save TECO's customers millions of dollars per year as compared to the purported "winning bid" as determined by TECO in its RFP process. Accordingly, TECO's projected coal transportation costs are neither reasonable nor prudent. CSX further agrees with the Citizens and FIPUG that this issue should be deferred to a separate proceeding.

Issue 17G: Is the waterborne coal transportation benchmark that was established by Order No. PSC-93-0443-FOF-EI, issued March 23, 1993, in Docket No. 930001-EI, still a relevant and sufficient means for assessing the prudence of transportation costs paid by Tampa Electric Company to its affiliate, TECO Transport?

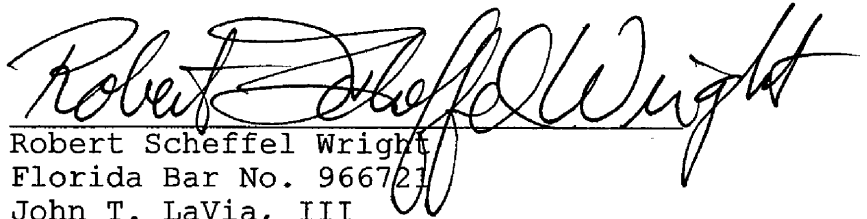
CSX Position: Pursuant to discussion at the prehearing conference, with the approval of Prehearing Officer Baez, this issue has been deleted and is being subsumed in Issue 17H.

Issue 17H: Should the Commission modify or eliminate the waterborne coal transportation benchmark that was established for Tampa Electric by Order No. PSC-93-0443-FOF-EI, issued March 23, 1993, in Docket No. 930001-EI?

CSX Position: Yes. The existing benchmark is not appropriate. The competitive price for transporting coal to Big Bend station, as

measured by viable offers to TECO to provide needed coal transportation, is the appropriate benchmark for determining (a) the reasonableness of TECO's transportation costs, and (b) the amounts of such costs that should be allowed for cost recovery. CSX also agrees with the Citizens and FIPUG that the current benchmark is outdated and that the Commission should examine the benchmark and related issues in a separate proceeding.

Respectfully submitted this 24th day of October, 2003.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served by U.S. Mail or hand delivery (*) this 24th day of October, 2003 on the following:

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