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November 4, 2003

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. 030001-EI

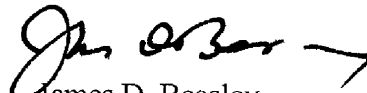
Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Tampa Electric Company are the original and ten (10) copies of Supplemental Direct Testimony of J. Denise Jordan.

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

JDB/pp
Enclosures

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

DOCUMENT NUMBER DATE

10964 NOV-4 8

FPSC-COMM. DIVISION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Supplemental Direct

Testimony, has been furnished electronically on November 3, 2003 to the following:

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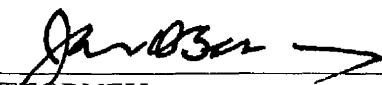
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ATTORNEY



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 030001-EI
IN RE: FUEL & PURCHASED POWER COST RECOVERY
AND
CAPACITY COST RECOVERY
PROJECTIONS
JANUARY 2004 THROUGH DECEMBER 2004
SUPPLEMENTAL DIRECT TESTIMONY
OF
J. DENISE JORDAN

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED SUPPLEMENTAL DIRECT 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 Denise Jordan who submitted Direct
15 Testimony on September 12, 2003 and Rebuttal Testimony on
16 October 16, 2003 in this proceeding?

17
18 A. Yes, I am.

19
20 Q. What is the purpose of your supplemental direct
21 testimony?

22
23 A. The purpose of my supplemental direct testimony is to
24 address the appropriate methodology for determining the
25 incremental costs of security measures implemented as a

1 result of the September 11, 2001 terrorist attacks.

2
3 **Q.** Does Tampa Electric seek recovery of incremental
4 operating and maintenance ("O&M") expenses for security
5 measures as a result of the events of September 11, 2001?
6

7 **A.** Yes. As I stated in my direct testimony filed September
8 12, 2003, Tampa Electric is requesting recovery of
9 \$114,523, after jurisdictional separation, through the
10 Capacity Cost Recovery Clause for estimated incremental
11 security O&M expenses in 2004.
12

13 **Q.** Please describe how Tampa Electric established a base
14 year amount or baseline for calculating its incremental
15 security O&M costs?
16

17 **A.** The unanticipated security expenses incurred for measures
18 implemented to protect the company's generating
19 facilities as a result of September 11, 2001 were not
20 included in Tampa Electric's last base rate proceeding;
21 therefore, all such security expenses are incremental.
22 Accordingly, the company's base year or baseline amount
23 is zero. Additionally, the incremental security expenses
24 were and continue to be tracked and recorded separately
25 in accounts created specifically for tracking such

1 expenses. As a result, the expenses have never been
2 commingled with the company's on-going security expenses,
3 thereby eliminating any need for a baseline comparison or
4 reconciliation of expenses to the preceding year.
5

6 **Q.** Has the Florida Public Service Commission's Division of
7 Auditing and Safety reviewed Tampa Electric's incremental
8 security expenses? If so, what were the findings?
9

10 **A.** Yes. Exhibit _____ (JYS-1) from the direct testimony of
11 Ms. Jocelyn Stephens, testifying on behalf of the Florida
12 Public Service Commission Staff, includes the Base Year
13 Cost Final Audit Report, Audit Control No. 02-340-2-1,
14 for Tampa Electric, which states the following in Audit
15 Disclosure No. 1:

16 "...the Company was able to provide security by
17 function for incremental costs incurred as a
18 result of the 9/11 event."
19

20 In addition, page 3, lines 7 through 11 of Ms.
21 Stephens' testimony states:

22 "We prepared schedules for the years 2001, 2002
23 and projected 2003, by account, by month, for
24 security costs recorded in the general ledger. In
25 order to determine the amount of normal and

1 recurring security costs, we removed those costs
2 identified by the company as incremental. The
3 resulting amount equals actual security costs on
4 a consistent basis."

5

6 The audit results concur with the company's position that
7 its security expenses incurred as a result of the events
8 of September 11, 2001 are indeed incremental.

9

10 **Q.** Do you agree that expenses from a base year used for
11 comparison purposes need to be grossed up by the growth
12 rate in energy sold since the base year to the recovery
13 year?

14

15 **A.** No, I do not. As I stated earlier, a baseline comparison
16 of the base year amounts to the recovery year is not
17 needed because the company's expenses for security
18 measures due to the events of September 11, 2001 are
19 incremental. In any event, there is no correlation
20 between the growth rate in energy sales and the level of
21 expenses included in base rates and it would be
22 inappropriate to simply assume one.

23

24 **Q.** Does this conclude your testimony?

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A. Yes it does.