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November 7, 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

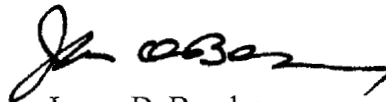
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of Tampa
Electric Company's Revised Rebuttal 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
Enclosure

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

DOCUMENT NUMBER-DATE
11169 NOV-7 03
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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
REVISED REBUTTAL TESTIMONY
OF
J. DENISE JORDAN

1 BEFORE THE FLORIDA 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 Denise Jordan who submitted Prepared
15 Direct Testimony in this proceeding?

16
17 **A.** Yes, I am.

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

20
21 **A.** The purpose of my rebuttal testimony is to address
22 certain inaccuracies and deficiencies in the assertions
23 and conclusions of the testimonies of Ms. Sheree L.
24 Brown, testifying on behalf of the Florida Industrial
25 Power Users Group ("FIPUG") and the Florida Retail

1 Federation ("FRF"), and Mr. Michael J. Majoros, Jr.,
2 testifying on behalf of the Office of Public Counsel
3 ("OPC").

4
5 Q. Have you prepared any exhibits to support your testimony?

6
7 A. Yes. My Exhibit No. ___(JDJ-4), consists of three
8 documents. Document No. 1 is the company's notification
9 to the Commission regarding the Hardee Power Partners,
10 Ltd. ("HPP") transfer of ownership and Document No. 2 is
11 furnished to correct Ms. Brown's math errors and address
12 the inappropriate assumptions Ms. Brown used to calculate
13 Gannon replacement fuel costs for 2003 and 2004 based on
14 2002 generation.

15
16 **Testimony of Ms. Sheree L. Brown**

17 Q. Are there references made in Ms. Brown's testimony that
18 you will not address? If so, why not?

19
20 A. Yes, there are. I will not address Ms. Brown's
21 statements concerning Tampa Electric's cancellation of
22 rights to four combustion turbines (Pages 11 and 12), the
23 acceleration of depreciation and dismantlement charges on
24 Gannon Station (Pages 22 through 24), and the treatment
25 of dismantlement costs on Gannon Station (Pages 24 and

1 25) because they are neither germane to nor appropriate
2 for inclusion in the fuel and purchased power docket.
3 Additionally, it is my understanding that the
4 cancellation of rights to the four combustion turbines
5 was included in the company's monthly surveillance
6 reporting as a below-the-line write-off, resulting in no
7 impact to ratepayers. It is also my understanding that
8 the proposed depreciation rates and dismantlement
9 accruals associated with Gannon Station are being
10 addressed in Docket No. 030409-EI, further supporting my
11 conclusion that those references by Ms. Brown should not
12 be included in this proceeding.

13
14 **Q.** Please address your overall assessment of Ms. Brown's
15 testimony.

16
17 **A.** While Ms. Brown expresses concern over what she
18 characterizes as feared subsidies of Tampa Electric's
19 affiliates by Tampa Electric's ratepayers, she has not
20 provided any concrete examples of such subsidies. She
21 simply describes her version of how any utility might
22 take steps to game base rate type expenses and those
23 expenses collected through cost recovery clauses. Then,
24 she merely assumes bad faith on the part of Tampa
25 Electric and concludes that some type of subsidy may have

1 occurred. Her assumed subsidies appear to reflect Ms.
2 Brown's lack of familiarity with the facts, and they
3 certainly don't serve as a basis for the erroneous and
4 unwarranted adjustment she recommends.

5
6 In addition, her claims of subsidies and the need for
7 "further study" of utility and affiliate transactions are
8 a recurrent theme of FIPUG. This was the approach taken
9 by FIPUG two years ago in the fuel and purchased power
10 docket in which FIPUG also challenged Tampa Electric's
11 wholesale transactions with HPP. That case was also
12 built on assumptions, presumed bad faith and an apparent
13 lack of familiarity with the facts by FIPUG witnesses.
14 After careful consideration, the Commission soundly
15 rejected FIPUG's arguments as did the Florida Supreme
16 Court in affirming the Commission's decision. FIPUG has
17 made the same erroneous arguments on a number of
18 occasions. These arguments have been rejected by this
19 Commission and should be rejected again in this docket.

20
21 Q. On pages 3 through 8 of her testimony, Ms. Brown suggests
22 that the financial needs of Tampa Electric's parent could
23 have affected Tampa Electric's ratepayers. How do you
24 respond?

25

1 **A.** Ms. Brown's assumptions in this regard do not have any
2 basis in fact. If anything, Tampa Electric's parent,
3 TECO Energy, Inc., has repeatedly emphasized its focus
4 and efforts on strengthening, not weakening, its core
5 business of providing regulated public utility services.
6 Ms. Brown only hints that actions "could" have been taken
7 for ulterior purposes without any demonstration that that
8 has happened.

9
10 **Q.** On pages 8 through 9 of her testimony, Ms. Brown
11 addresses Tampa Electric's contractual relationship with
12 its affiliates, particularly with respect to coal
13 purchases and waterborne coal transportation services,
14 and suggests that Tampa Electric might pursue "above
15 market costs" to subsidize the affiliate at the expense
16 of Tampa Electric's retail utility customers. How do you
17 respond?

18
19 **A.** Once again, Ms. Brown must rely on unsupported
20 assumptions about what a utility "might do." She
21 apparently is unaware that Tampa Electric does not have a
22 contract with an affiliate to purchase coal. The
23 company's last long-term coal contract with an affiliate
24 ended in 1999. In addition, she seems to be unaware of
25 the hundreds of millions of dollars of coal

1 transportation cost savings Tampa Electric's coal
2 transportation affiliate has brought to Tampa Electric's
3 retail customers over many years as previously discussed
4 in the direct testimony of Tampa Electric witness J. T.
5 Wehle. She also completely overlooks the careful
6 scrutiny this Commission has always given to affiliate
7 transactions to ensure that utility customers are not
8 harmed by those relationships. It is noteworthy that Ms.
9 Brown does not testify that Tampa Electric's arrangement
10 with its affiliate has exceeded market-based costs. She
11 just says "to the extent that" it is above market costs
12 TECO Energy benefits while higher costs are passed on to
13 Tampa Electric ratepayers (Page 9, lines 6-8). In fact,
14 as required by Commission Order No. 20298, Tampa Electric
15 has consistently demonstrated that its affiliated coal
16 transportation prices are at or below the transportation
17 benchmark which the Commission established as "a
18 reasonable market price indication," a fact Ms. Brown may
19 not be aware of or chooses to ignore.

20
21 **Q.** How do you respond to Ms. Brown's suggestion, at page 9,
22 that retail customers are impacted by TECO Power
23 Services' ("TPS") sale of the Hardee Power Station?

24
25 **A.** Ms. Brown states that if the facility had been owned by

1 Tampa Electric any gain may have been shared with
2 ratepayers. Ms. Brown simply assumes away any
3 distinction between regulated public utility property and
4 property that is owned by an unregulated affiliate.
5 Moreover, her suggestion that Tampa Electric's purchase
6 agreement supported the sale ignores the fact that the
7 power purchase agreements between and among Tampa
8 Electric, Seminole Electric Cooperative, Inc. ("SEC") and
9 HPP provided the basis for the Commission's determination
10 of need for the Hardee Power Station initially. That
11 determination was based on the Commission's finding that
12 the contracts in question would save ratepayers millions
13 of dollars over the life of the Hardee Power Station
14 project.

15
16 In approving the determination of need, the Commission
17 found that the TPS proposal was the most cost effective
18 alternative available. In its order the Commission
19 stated:

20 We base this finding on the economics inherent
21 in the three wholesale contracts and the ground
22 lease introduced as evidence in this
23 proceeding: the ground lease between Acuera
24 Corporation (a subsidiary of SEC) and TPS; the
25 agreement for sale and purchase of capacity and

1 energy from Big Bend Unit No. 4 between TECO
2 and TPS; the agreement for sale and purchase of
3 capacity and energy from Big Bend Unit No. 4
4 between TECO and TPS; the agreement for sale
5 and purchase of capacity and energy between TPS
6 and SEC; and the agreement for sale and
7 purchase of capacity and energy from the Hardee
8 Power Station between TPS and TECO, all dated
9 July 27, 1989. As these contracts are written,
10 Phases I and II of the TPS proposal will result
11 in projected present worth of revenue
12 requirements (PWRR) savings to SEC of
13 approximately \$57 million (1987 \$) compared to
14 SEC's proposed construction and projected PWRR
15 savings of \$90 million (1989 \$) to TECO, most
16 of which is associated with the payments for
17 145 MW of Big Bend 4 capacity during phase I
18 (1993-2003). (Order No. 22335, issued in
19 Docket No. 880309-EC on December 22, 1989.
20 (emphasis supplied)

21
22 Q. How do you respond to Ms. Brown's statement that Tampa
23 Electric's power purchase agreement with HPP supported
24 the sale?
25

1 **A.** As I previously stated, the power purchase agreements
2 that supported the determination of need did so because
3 they supported the economics for retail ratepayers of SEC
4 and Tampa Electric. At the top of page 10, Ms. Brown
5 erroneously states that the power purchase agreement
6 between Tampa Electric and HPP is being assigned to the
7 new owner of the facility. In fact, no power purchase
8 agreements are being assigned. Instead, it is the
9 ownership of HPP that is being assigned. As previously
10 stated in the direct testimony of Tampa Electric witness
11 B. F. Smith and as indicated in Exhibit No. ____ (JDJ-4),
12 Document No. 1, Tampa Electric's notification to the
13 Commission regarding the HPP transfer of ownership, the
14 power purchase agreements will go forward as they have in
15 the past, completely unchanged.

16
17 **Q.** Has witness Brown stated any basis for further
18 examination of the HPP power purchase agreement?

19
20 **A.** No, she has not. She has failed to present any new
21 material fact to justify revisiting the recent
22 determinations by the Commission and the Florida Supreme
23 Court; therefore, FIPUG and FRF's efforts in this regard
24 should be rejected.

25

1 Q. Beginning on page 12 and continuing through page 22, line
2 6, Ms. Brown describes her evaluation of the scheduled
3 shutdown of Gannon Units 1 through 4, culminating in a
4 recommendation that Tampa Electric be required to offset
5 replacement power costs by O&M savings. How do you
6 respond?

7
8 A. Ms. Brown's recommended adjustment has no basis in fact
9 and ignores Tampa Electric's consideration of a myriad of
10 factors including safety, reliability, the age of the
11 units, risks inherent in attempting to keep the units
12 running, the need to retrain and redeploy Gannon Station
13 employees and numerous other factors. In addition, there
14 are mathematical errors and several inappropriate
15 assumptions in her analysis. Even if you accept her view
16 that an adjustment is in order, which I clearly do not,
17 upon review of Ms. Brown's calculation of the adjustment,
18 I note the following regarding Ms. Brown's analysis and
19 provide Exhibit No. ____ (JDJ-4), Document No. 2 which
20 corrects Ms. Brown's math error and incorrect
21 assumptions:

22
23 First, the total net generation for Gannon Unit 5 of
24 836,201 MWH used by Ms. Brown is incorrect. The correct
25 total is 801,713 MWH. In addition, Ms. Brown erroneously

1 includes the impact of Gannon Unit 5 in her calculation,
2 while acknowledging on page 20, lines 19 through 21, that
3 the calculation is associated with Gannon Units 1 through
4 4 and 6 only.

5
6 Second, Gannon Unit 6 is being repowered to Bayside Unit
7 2 and the transmission facilities of Gannon Unit 4 will
8 be utilized by Bayside Unit 2; consequently, it is not
9 appropriate to include either unit in the calculation.
10 Therefore, Ms. Brown has overstated the MWH of lost
11 generation by 1,068,669 MWH.

12
13 Third, the Bayside cost used by Ms. Brown is a cost
14 estimate that includes the natural gas pipeline
15 transportation costs. These costs will not change
16 regardless of Bayside or Gannon generation. Therefore,
17 Ms. Brown should have used the 2002 cost of \$0.0328 per
18 kWh.

19
20 Fourth, the Gannon cost used by Ms. Brown incorrectly
21 includes generation from Gannon Units 4, 5 and 6. After
22 appropriately adjusting the cost to include only Gannon
23 Units 1 through 3, the resulting cost is \$0.0233 per kWh.

24
25 Fifth, as previously stated in the direct testimony of

1 Tampa Electric witness Wehle, the company currently
2 expects the impact of coal contract penalties to
3 ratepayers to be neutral at worst, and there remains the
4 potential for ratepayers to experience net gains. In
5 addition, during negotiations with TECO Transport for the
6 new coal waterborne transportation contract effective
7 January 1, 2004, the company successfully negotiated the
8 elimination of any dead freight expenses under the
9 existing contract. Therefore, Ms. Brown's assumed dead
10 freight and coal contract penalties of \$6.555 million and
11 \$7.67 million respectively are not valid and should be
12 excluded in the calculation.

13
14 Given the aforementioned corrections and using the same
15 methodology as Ms. Brown, the resulting analysis yields
16 an impact of \$8.2 million as compared to Ms. Brown's
17 original result of \$61.6 million, an overstatement of
18 \$53.5 million. By any standard, Ms. Brown's calculation
19 is grossly incorrect. In any event, the calculation
20 itself is based on faulty logic and must be entirely
21 rejected.

22
23 **Q.** At the bottom of page 21 through the top of page 22, Ms.
24 Brown states five factors she believes would make her
25 adjustment fair and equitable. Assuming her calculations

1 were correct, how do you respond to her five points?
2

3 **A.** Her first point is that the decision regarding when to
4 shut down Gannon Units 1 through 4 "was a voluntary
5 decision by the company within its control." As should
6 any business, Tampa Electric makes "voluntary" company
7 decisions after careful and complete analysis, as was the
8 scheduling decision for shutting down Gannon Units 1
9 through 4. That is no reason to mix or offset base rate
10 revenue or expenses with fuel adjustment revenue or
11 expenses.
12

13 Her second basis that the requirement to shut down the
14 units by the end of 2004 was a direct result of claimed
15 violations by the U. S. Environmental Protection Agency
16 ("EPA") is patently wrong. Tampa Electric did not admit
17 violations nor did it bring a lawsuit against itself.
18 The company settled litigation initiated by the EPA and
19 DEP because settlement appeared to be the most prudent
20 and cost-effective alternative in light of the litigation
21 and the risks inherent in such litigation.
22

23 Ms. Brown's third point, that ratepayers will suffer
24 "continued harm through additional replacement power
25 costs from 2005 through 2007" is, likewise, ridiculous

1 because any such additional costs stem directly from the
2 fact that the coal units at Gannon Station are required
3 to cease operation after December 31, 2004. In essence,
4 Ms. Brown's third point is linked to her second alleged
5 basis for penalizing Tampa Electric and must be rejected
6 out of hand.

7
8 Ms. Brown's fourth point that the ratepayers have paid
9 Tampa Electric for the environmental modifications that
10 were challenged by the EPA is, likewise, cumulative and
11 ignores the fact that those modifications were in the
12 economic interest of Tampa Electric's customers. Again,
13 Tampa Electric did not concede the validity of the EPA's
14 challenge either in the litigation or in the Consent
15 Decree. In essence, Ms. Brown advocates punishing Tampa
16 Electric for attempting to pursue the most economic
17 alternatives for its customers.

18
19 Ms. Brown's fifth and final point alleges that Tampa
20 Electric has benefited from contractual relationships
21 with its subsidiaries. This point is more of an excuse
22 than a reason for any adjustment, particularly when one
23 considers the benefits that Tampa Electric's customers
24 have derived from the creation and operation of the
25 integrated waterborne transportation services provided by

1 Tampa Electric's affiliate, TECO Transport.

2

3

Q. At page 22 Ms. Brown points to certain costs allowed for
4 recovery through the cost recovery clauses that she
5 claims would normally be authorized through base rates.
6 How do you respond?

7

8

A. Ms. Brown is correct that on a case-by-case basis the
9 Commission has allowed recovery of certain expenses
10 through the fuel and purchased power clause that would
11 traditionally be recovered through base rates. In those
12 specific instances, the expenses were fuel-related and
13 recovery through the fuel and purchased clause was
14 allowed because 1) the expense resulted in net fuel
15 savings to ratepayers, 2) assisted with mitigating fuel
16 price volatility or 3) helped to insulate ratepayers from
17 additional fuel and purchased power expenses by
18 protecting generating facilities to ensure their
19 continued operation. The items Ms. Brown references for
20 adjustment through the clause are in no way fuel-related
21 and are selectively chosen and improperly viewed in
22 isolation without any consideration of other Tampa
23 Electric rate base adjustments. For example, Ms. Brown
24 ignores the fact that Tampa Electric has absorbed the
25 addition of Polk Units 1 through 3 and Bayside Units 1

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and 2 without requesting additional base rates.

Q. On page 26, Ms. Brown states the belief that her concerns support additional Commission investigation of various items. How do you respond?

A. Again, FIPUG's traditional goal is to "further investigate". Tampa Electric's purchased power agreement with HPP has been reviewed time and again by this Commission and as I stated earlier, both the Commission and the Florida Supreme Court have recently rejected FIPUG's arguments in this regard. Also, the existence of a gain on the sale of HPP does not mean that the power purchase agreement was not cost based; it simply reflects increased value of the asset. In addition, the HPP agreement does not need to be addressed because the terms and conditions of the power purchase agreement will continue completely unchanged from the manner in which they existed prior to the transfer of ownership.

Testimony of Mr. Michael J. Majoros, Jr.

Q. Mr. Majoros's direct testimony states that Tampa Electric's fuel clause should be credited with an amount of O&M savings he has calculated. How do you respond?

1 **A.** Similar to Ms. Brown, Mr. Majoros has taken bits and
2 pieces from discovery testimony submitted by Tampa
3 Electric completely out of context and reached erroneous
4 conclusions. There are several problems with Mr.
5 Majoros's calculations. First, the fundamental basis of
6 his analysis of the impact to fuel and purchased power
7 costs, which is the supposed reason for his claim that
8 the increase in fuel costs should be offset by O&M
9 amounts, is flawed [Exhibit MJM-7]. He incorrectly
10 attributes the entire difference between two separate
11 analyses and fuel cost projections submitted by Tampa
12 Electric to the revised Gannon units' shutdown schedule.
13 Many different factors changed and assumptions were
14 revised between the time that the first and second
15 studies referenced by Mr. Majoros were prepared. Yet Mr.
16 Majoros ignores this fact. Furthermore, Mr. Majoros ties
17 the calculation of his \$116 million estimated impact on
18 fuel and purchased power costs due to the Gannon shutdown
19 schedule to Tampa Electric's August 12, 2003
20 actual/estimated filing, rather than to the February 24,
21 2003 filing in which the revised shutdown scheduled was
22 first modeled and included. This is yet another example
23 of how Mr. Majoros takes isolated bits of information
24 from discovery and testimony and uses them out of context
25 to string together his argument.

1 In addition, to simply assume that the entire difference
2 between any two filings is related to the revision of the
3 expected Gannon units' shutdown dates is incorrect. As
4 Tampa Electric stated in its response to Interrogatory
5 No. 46 of OPC's Third Set, the interrogatory request was
6 written such that it assumed the hypothetical that the
7 units would be dispatchable. Tampa Electric stated the
8 accuracy of such an assumption is highly doubtful. Other
9 factors of safety, reliability, employee utilization, and
10 the time required to make repairs are all significant in
11 determining the validity of this assumption. Thus, the
12 company appropriately included them in its decision-
13 making process. To simply ignore these operational
14 constraints and to utilize a hypothetical value that is
15 based on assumed dispatchability that no longer reflects
16 current conditions or appropriate assumptions, as Mr.
17 Majoros has done, is clearly erroneous.

18
19 Q. At page 10 of his testimony, Mr. Majoros states that O&M
20 amounts not spent at Gannon Station represent a savings
21 for Tampa Electric. He then implies that the savings will
22 result in increased earnings to benefit shareholders.
23 Finally, he proposes an offset of the alleged O&M savings
24 to costs recovered through the fuel clause. Are his
25 allegations grounded in fact?

1 **A.** No. First, as stated in the rebuttal testimony of Tampa
2 Electric witness W. T. Whale, Tampa Electric did not
3 simply cut O&M spending at Gannon Station. The company
4 focused its investment strategies to obtain a better value
5 from its O&M expenditures. Second, Mr. Majoros does not
6 provide support, presumably because he does not have any,
7 for his allegation that the company's O&M spending
8 decisions resulted in savings for shareholders. He simply
9 makes the statement on page 10, line 15 that "as a general
10 proposition increased earnings benefit shareholders." Mr.
11 Majoros also ignores the structure of cost-based
12 ratemaking in Florida. Investor-owned utilities collect
13 base rates and operate within an allowable earnings range.
14 Tampa Electric is currently striving to add over \$700
15 million in the form of the repowered Bayside Station to
16 its rate base, without requesting additional base rates to
17 do so. To insinuate that shareholders might benefit from
18 increased earnings, without even showing evidence of such
19 earnings, is simply not a sufficient reason to assign a
20 penalty to Tampa Electric as Mr. Majoros proposes.

21
22 **Q.** What do the O&M savings amounts that Mr. Majoros lists
23 represent and is his proposed adjustment to fuel clause
24 cost recovery to reflect his calculated O&M savings,
25 appropriate?

1 **A.** Again, Mr. Majoros's O&M savings represent an estimate of
2 the additional dollars the company did not invest in the
3 Gannon units due to the age of the units and near-term
4 shutdown requirements. While Mr. Majoros continues to
5 present O&M amounts not spent at Gannon Station as savings
6 for Tampa Electric and its shareholders, he completely
7 disregards Tampa Electric's witness testimony that the
8 company used prudent decision making and chose to focus
9 its spending on other generating units given the shutdown
10 commitment for the Gannon units. Furthermore, Mr.
11 Majoros's flawed analyses are no reason to mix or offset
12 base rate revenues and costs with fuel clause revenues and
13 costs, as he proposes to do with his adjustment.

14
15 **Q.** How would you characterize Mr. Majoros's testimony on an
16 overall basis?

17
18 **A.** As I previously stated, Mr. Majoros inappropriately
19 strings bits and pieces of testimony and deposition
20 transcripts together to reach an erroneous result. Mr.
21 Majoros has presented no independent evaluation of
22 important issues concerning safety, reliability,
23 operational considerations and the economics of the
24 appropriate shutdown schedule for Gannon Units 1 through
25 4. As a matter of fact, at page 12 of his testimony, he

1 states that the company's current schedule for shutting
2 down Gannon Units 1 through 4 in and of itself does not
3 harm ratepayers. Mr. Majoros's analysis that determined
4 his proposed penalty, or cost recovery offset, is flawed,
5 and his proposed offset of fuel cost recovery dollars
6 with O&M amounts is inappropriate.

7
8 **Testimony of Ms. Sheree L. Brown**

9 **Q.** On November 5, 2003, Ms. Brown filed revised testimony
10 that included among other items, modifications to her
11 calculation of the O&M savings due to the shutdown of the
12 Gannon units. How do you respond?

13
14 **A.** It should be noted that this is Ms. Brown's third attempt
15 to make such a calculation and, much like the calculation
16 Ms. Brown provided for the fuel replacement costs, her
17 O&M savings evaluation is flawed with inappropriate
18 assumptions. This calculation is substantially different
19 than the ones provided in her original direct testimony
20 and her deposition on October 30, 2003. Notwithstanding
21 my disagreement with Ms. Brown's recommendation of
22 offsetting fuel replacement costs with O&M savings and
23 her methodology, I observe the following regarding her
24 calculation:

25

1 First, in Ms. Brown's original testimony and her
2 deposition, she incorrectly applies \$57.4 million as an
3 incremental avoided O&M savings for 2003. As stated by
4 witness Whale, the \$57.4 million was never included in
5 the budget or business plan given the near-term required
6 shut down of Gannon Units 1 through 4. It was simply an
7 assessment that confirmed the significant capital
8 requirements needed for the continued operation of the
9 units for 2003 and 2004.

10
11 Second, Ms. Brown assumes a full year of avoided O&M
12 savings in 2003 for Gannon Unit 6 even though the company
13 did incur O&M expenses for most of the year. The unit
14 was not shut down until September 30, 2003.

15
16 Third, as I stated earlier, Bayside Unit 2 must utilize
17 the transmission facilities for Gannon Unit 4;
18 consequently, it is not appropriate to attribute any
19 avoided O&M savings for that unit in the calculation.

20
21 Finally, Ms. Brown never accounts for the company's
22 actual 2003 O&M expenses incurred for the Gannon units,
23 but does attribute company expenses in 2004.

24
25 Q. Does this conclude your rebuttal testimony?

1

2 A. Yes it does.

3

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TAMPA ELECTRIC COMPANY
DOCKET NO. 030001-EI
FILED: 10/16/03
REVISED: 11/07/03

EXHIBIT TO THE REBUTTAL TESTIMONY OF
J. DENISE JORDAN

DOCUMENT NO. 1

HARDEE POWER PARTNERS TRANSFER OF OWNERSHIP
SEPTEMBER 2003



TAMPA ELECTRIC

September 12, 2003

EXHIBIT NO. _____
TAMPA ELECTRIC COMPANY
DOCKET NO. 030001-EI
(JDJ-4)
DOCUMENT NO. 1
PAGE 1 OF 1
FILED: 10/16/03

Dr. Mary Andrews Bane
Executive Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Dr. Bane:

I wanted to advise you that two of Tampa Electric Company's affiliates, Hardee Power I, Inc. and Hardee Power II, Inc., have agreed to sell their partnership interests in the Hardee Power Station in Florida to GTCR Golder Rauner LLC and partner, Chicago-based Invenergy. The transaction is expected to close by the end of September. This transaction will further strengthen TECO Energy's financial position. In April of this year, TECO Energy identified a number of potential assets that could be sold to improve the company's financial condition and Hardee Power Station was one of them. With this agreement, Tampa Electric's parent has demonstrated its commitment to the plan and its continued refocus on its regulated utility operations.

Under this transaction, the power purchase agreements will not be amended, changed or assigned. Accordingly, Hardee Power Partners will not be applying to the Federal Energy Regulatory Commission for approval of any amendment, change or assignment of the purchased power agreements. This transaction will be transparent to Tampa Electric and its customers. The Hardee Power Station, a 370 MW generating facility, will continue to serve both Seminole Electric Cooperative, Inc., and Tampa Electric under established long-term contracts. A TECO Power Services subsidiary will continue to operate the facility after the change in ownership. The net effect of the transaction will be an improvement to the financial condition of Tampa Electric's parent corporation.

Chicago-based Invenergy is a developer, owner and operator of power generation and energy delivery assets. Partnered with GTCR Golder Rauner LLC, a leading private equity firm, Invenergy is pursuing acquisitions of large-scale power plants currently being divested by utilities, IPPs and financial institutions. GTCR Golder Rauner is a leading private equity investment firm currently managing more than \$6 billion of equity capital invested in a wide range of companies and industries.

We are not requesting any action by the Florida Public Service Commission relative to this matter, but simply wanted to keep you informed about the status of the transaction.

Sincerely,

A handwritten signature in cursive script that reads "Deirdre A. Brown".

Deirdre A. Brown
Vice President – Regulatory Affairs

cc: Tim Devlin

TAMPA ELECTRIC COMPANY
DOCKET NO. 030001-EI
FILED: 10/16/03
REVISED: 11/07/03

EXHIBIT TO THE REBUTTAL TESTIMONY OF
J. DENISE JORDAN

DOCUMENT NO. 2

GANNON REPLACEMENT FUEL COSTS FOR 2003 AND 2004

EXHIBIT NO. _____
TAMPA ELECTRIC COMPANY
DOCKET NO. 030001-EI
(JDJ-4)
DOCUMENT NO. 2
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FILED: 10/16/03
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I. Correction of Gannon Unit 5 generation math error:

Month	Gannon 1	Gannon 2	Gannon 3	Gannon 4	Gannon 5	Gannon 6	Total
Jan	0	0	0	0	0	0	0
Feb	0	0	0	0	34,488	0	34,488
Mar	0	0	0	0	0	0	0
Apr	48,902	43,565	0	0	573	0	93,040
May	45,994	45,722	0	0	99,739	0	191,455
Jun	42,306	41,350	0	0	110,417	0	194,073
Jul	53,279	48,092	0	0	94,688	0	196,059
Aug	44,015	44,471	0	0	122,031	0	210,517
Sep	40,940	39,108	0	0	89,300	0	169,348
Oct	51,079	52,415	28,021	29,449	83,099	39,227	283,290
Nov	36,494	37,407	23,448	55,035	102,728	0	255,112
Dec	27,043	24,678	39,051	51,249	99,138	57,508	298,667
Annual Total	390,052	376,808	90,520	135,733	836,201	96,735	1,926,049

II. Recalculation of Gannon generation given correction of incorrect assumptions which results in reduction of 1,068,669 MWH:

Month	Gannon 1	Gannon 2	Gannon 3	Gannon 4	Gannon 5	Gannon 6	Total
Jan	0	0	0	0	0	0	0
Feb	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0
Apr	48,902	43,565	0	0	0	0	92,467
May	45,994	45,722	0	0	0	0	91,716
Jun	42,306	41,350	0	0	0	0	83,656
Jul	53,279	48,092	0	0	0	0	101,371
Aug	44,015	44,471	0	0	0	0	88,486
Sep	40,940	39,108	0	0	0	0	80,048
Oct	51,079	52,415	28,021	0	0	0	131,515
Nov	36,494	37,407	23,448	0	0	0	97,349
Dec	27,043	24,678	39,051	0	0	0	90,772
Annual Total	390,052	376,808	90,520	0	0	0	857,380

III. Correct calculation of costs for Gannon generation:

	2002 Total Generation (MWH)	2002 Fuel Cost (\$)	2002 Fuel Cost (\$/kWh)
Gannon 1	511,532	10,655,009	0.0208
Gannon 2	457,756	10,038,103	0.0219
Gannon 3	677,783	17,667,860	0.0261
Total	1,647,071	38,360,972	0.0233

IV. Revised analysis using Ms. Brown's methodology:

Estimated impact = {Lost Gannon generation x (Bayside gen. cost - Gannon gen. cost)/1000} + Coal Contract Penalties + Dead Freight

A. Ms. Brown's original calculation:

Estimated impact = {1,926,049 x (.046 - .0214)/1000} + 6.555 + 7.67

Estimated impact = \$61.6 million

B. Tampa Electric's corrected calculation:

Estimated impact = {857,380 x (.0328 - .0233)/1000} + 0 + 0

Estimated impact = \$8.2 million