

**ORIGINAL**  
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January 5, 2004

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JAN - 5 PM 4: 44  
COMMISSION CLERK

**BY HAND DELIVERY**

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: Review of Tampa Electric Company's Waterborne transportation  
contract with TECO Transport and associated benchmark;  
Docket No. 031033-EI

**Transmittal of Confidential Information**

Dear Ms. Bayo:

Enclosed is a single confidential version of Testimony and Exhibits of Tampa Electric  
Witnesses Joann T. Wehle and Brent Dibner.

The Company is submitting this date a Notice of Intent to Seek Confidential Classification  
of these testimonies and exhibits.

Tampa Electric is accompanying the Notice of Intent with fifteen copies of the redacted  
version of testimony and exhibits of Witnesses Wehle and Dibner.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this  
letter and returning the same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,

*ADP 11.26.05*  
**DECLASSIFIED CONFIDENTIAL**

JDB/bjd

*WEHLE*  
DOCUMENT NUMBER-DATE

00091 JAN-5 3

FPSC-COMMISSION CLERK

*James D. Beasley*  
James D. Beasley

*DIBNER*  
DOCUMENT NUMBER-DATE

00092 JAN-5 3

FPSC-COMMISSION CLERK



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 031033-EI

IN RE: TAMPA ELECTRIC COMPANY'S  
2004-2008 WATERBORNE TRANSPORTATION  
CONTRACT WITH TECO TRANSPORT  
AND ASSOCIATED BENCHMARK

TESTIMONY AND EXHIBIT

OF

JOANN T. WEHLE

CONFIDENTIAL VERSION

*PH 11-26-05 (entire DN)*  
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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 Q. What was the next step in establishing a new contract for  
2 waterborne transportation services?

3

4 A. Tampa Electric negotiated a new contract with TECO  
5 Transport and incorporated the terms established in the  
6 solicitation and the rates provided as a result of DMA's  
7 market analysis into a new five-year waterborne  
8 transportation agreement. The contract was signed on  
9 October 6, 2003.

10

11 Q. How do the market prices established for the new contract  
12 compare to the waterborne coal transportation costs of  
13 the contract for the previous period?

14

15 A. The market price established for the new contract is  
16 \$0.79 per ton lower than the rates that were in effect  
17 for the third quarter of 2003, as shown on page 68 of  
18 witness Dibner's report.

19

20 Q. How do the rates established in the new contract compare  
21 to rail transportation rates for an equivalent level of  
22 service?

23

24 A. Once the rail rate is adjusted to include all expected  
25 and appropriate costs that could be quantified, including

1 incremental operating costs and the costs for capital  
2 additions and improvements required to receive coal by  
3 rail, the waterborne rate is \$1.06 per ton less than the  
4 rail rate. This is included in Document No. 3 of my  
5 exhibit.

6

7 **Q.** Have any modifications been made to Mr. Dibner's market  
8 analysis since the contract was executed on October 6,  
9 2003 with TECO Transport?

10

11 **A.** Yes. In December 2003, Mr. Dibner notified Tampa  
12 Electric that he had detected offsetting calculation  
13 errors in his ocean transportation model. The correction  
14 of the ocean model resulted in a market rate that is  
15 \$0.03 per ton higher than the rate originally  
16 communicated to TECO Transport and included in the  
17 contract executed on October 6, 2003. The correction  
18 also changed the fuel, fixed and variable composition of  
19 the ocean segment rate.

20

21 **Q.** Were modifications made to the contract?

22

23 **A.** No, Tampa Electric's contract with TECO Transport that  
24 was executed on October 6, 2003 was not modified because  
25 TECO Transport had already accepted the lower rate and

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**Comparison of Adjusted Rail Bid Rates and Waterborne Transportation Contract Rates  
(\$ / Ton)**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(J)	(K)	(L)	(M)	(N)
River Dock	TT Total	Rail Bidder Rate	Bidder's Fuel Surcharge (Note 1)	Demurrage Rate (Note 2)	Bidder's Synfuel Adder	Incr. Cost to Polk Station (Note 3)	Adj. Total Rail Bidder Rate	Difference: TT Less Adj. Total Bid Rate	2004 Tons	TT Trans. Cost	Rail Bid Trans. Cost	Difference: TT Less Adj. Rail Bid
Cook	(Note 4, 5) 16.41	17.70	0.64	0.06	0.00	0.14	18.54	(2.13)	400,000	6,564,000	7,414,880	
Hamilton	17.33	15.62	0.56	0.06	0.00	0.14	16.36	0.96	N/A	N/A	N/A	
Caseyville	17.17	15.62	0.56	0.06	0.00	0.14	16.36	0.79	N/A	N/A	N/A	
Overland	17.40	15.98	0.56	0.06	0.00	0.14	16.76	0.64	N/A	N/A	N/A	
Rigsby & Barnard	17.12	15.98	0.56	0.06	0.00	0.14	16.76	0.36	N/A	N/A	N/A	
Mount Vernon	17.47	15.98	0.56	0.06	0.00	0.14	17.01	0.46	N/A	N/A	N/A	
Mound City	16.39	17.70	0.64	0.06	0.00	0.14	18.54	(2.15)	N/A	N/A	N/A	
Southern Indiana	17.64	15.98	0.56	0.06	0.00	0.14	16.76	0.88	N/A	N/A	N/A	
New Hope	17.96	16.06	0.56	0.06	0.00	0.14	16.84	1.12	N/A	N/A	N/A	
Empire Dock	(Note 4, 5) 17.08	15.62	0.56	0.06	0.25	0.14	16.36	0.70	1,000,000	17,080,000	16,382,320	
Yankeetown	17.77	16.06	0.56	0.06	0.00	0.14	16.84	0.93	N/A	N/A	N/A	
Owensboro	17.88	16.06	0.56	0.06	0.00	0.14	16.84	1.04	N/A	N/A	N/A	
Ken Mine	19.42	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Pyramid	19.38	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Green Coal	18.44	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Patriot	18.67	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Sebree	18.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
TTI	19.63	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Jefferson River Port	18.56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Kentucky Lake Dock	17.59	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
GRT	17.59	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Cora	(Note 4, 5) 17.55	19.00	0.66	0.06	0.00	0.14	19.88	(2.33)	1,050,000	18,427,500	20,678,200	
Dekoven	(Note 4) 17.18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	750,000	12,865,000	N/A	
Powhatan	(Note 4) 21.08	N/A	N/A	N/A	N/A	N/A	N/A	N/A	400,000	8,432,000	N/A	
Shawneetown	(Note 4) 17.24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	300,000	5,172,000	N/A	
Refineries Petcoke	(Note 4) 12.96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	300,000	3,888,000	N/A	
BRT	17.59	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Cahokia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Kellogg	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Kanipe Enterprises	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Average for All Docks on Contract	17.76	N/A						N/A				
Average for Docks Common to TT and Rail Bid	17.32	16.41					17.22	0.10				
Weighted Average Rate										17.25		
Weighted Average for Docks Common to TT and Rail Bid										17.17	16.23	(1.06)

**Notes**

- Current fuel surcharge rate is 3.6 percent, applicable to all rail bid rates.
- Weighted average demurrage rate, per bid specifications and estimated unloading time. \$0.06 = \$330,000 / 5.5 million  
Assumptions: 5.5 million tons total annually; 550 trains per year; 6 hours unloading time per train. Bid rates allow 4 hours for unloading. 2 hours at \$300.00 per hour for each train = \$330,000
- Weighted average incremental cost for transportation to Polk Station from Big Bend Station based on current trucking rate and rail proposal rate. \$0.14 = (673,000\*\$1.17) / 5.5 million  
Assumptions: 5.5 million tons total annually; 673,000 tons transferred to Polk Station annually; current trucking rate is \$3.33; short haul rail rate is \$4.50; difference is \$1.17 per ton.

EXHIBIT NO. \_\_\_\_\_  
 TAMPA ELECTRIC COMPANY  
 DOCKET NO. 031033-EI  
 (JTW-1)  
 DOCUMENT NO. 3  
 PAGE 2 OF 3  
 FILED: JANUARY 5, 2004

22

4. Based on Tampa Electric's 2004 coal purchase agreements, the company expects to receive coal at these river docks.  
5. Based on Mr. McNulty's analysis, only rates for Cook, Empire Dock and Cora were provided. Therefore, the weighted average rate is calculated using the rates for only the aforementioned river docks.

**Sources**

Columns A, B and C: Exhibit WBM-1  
Column D: Rail proposal and Tariff 8200  
Column E: Calculated weighted average rate. See note 2.  
Column F: Rail proposal  
Column G: Calculated weighted average rate. See note 3.  
Column H = (C) + (D) + (E) + (F) + (G)  
Column J = (B) - (H)  
Column K = Tampa Electric  
Column L = (B) \* (K)  
Column M = (H) \* (K)  
Column N = (L) - (M)

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PAGE 3 OF 3  
FILED: JANUARY 5, 2004