



ORIGINAL

TAMPA ELECTRIC

Mr. Tom Stambaugh
Florida Public Service Commission
4950 West Kennedy Boulevard
Suite 310
Tampa, Florida 33609

RECEIVED 11:30
ON JAN 20 PM 4:22
COMMISSION
CLERK

Re: Audit Documents/Record Request; Docket No. 031033-EI

Dear Mr. Stambaugh:

Enclosed herewith are Tampa Electric's responses to your Audit Requests dated January 15, 2004.

A number of your requests seek information from the books and records of TECO Transport and other Tampa Electric affiliates. Tampa Electric does not have ownership, possession or control of the books and records of its non-regulated affiliates.

Tampa Electric is a party to this proceeding, but TECO Transport and other non-regulated Tampa Electric affiliates are not. While TECO Transport is the party providing transportation services to Tampa Electric, that provision of service has nothing to do with the reasonableness of the amounts paid by Tampa Electric for the services, any more than would be the case if some non-related entity provided the services in question.

The issues for consideration in this docket are the following:

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

Consideration of these issues does not reasonably involve consideration of TECO Transport's revenues and expenses, or other information related to the conduct of TECO Transport's business. Order No. 20298 issued in Docket No. 870001-EI-A ("Order"), expresses the Commission's desire to determine the cost recovery for waterborne coal transportation services provided by an affiliate using a market pricing standard. The Order also approved a

AUS
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COM
CTR
ECR
GCL
OPC
NMS
SEC
OTH

TAMPA ELECTRIC COMPANY
P. O. BOX 111 TAMPA, FL 33601-0111

(813) 228-4111

AN EQUAL OPPORTUNITY COMPANY
HTTP://WWW.TECOENERGY.COM

CUSTOMER SERVICE:
HILLSBOROUGH COUNTY (813) 223-0800
OUTSIDE HILLSBOROUGH COUNTY 1 (888) 223-0800

DOCUMENT NUMBER: 031033-EI

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FPSC-COMMISSION CLERK

Mr. Tom Stambaugh
January 20, 2004
Page Two

settlement agreement which described the methodology by which the market standard was implemented. The settlement agreement states, "Tampa Electric may negotiate its contracts with its affiliate in any manner it deems reasonable." [Order at page 17] Tampa Electric pays market rates for its transportation services. These costs are then compared to the existing Commission-established benchmark to determine cost recovery. This is the system in place, which has existed since the Commission approved the settlement agreement in 1988, and ratepayers never pay more than market rates for the transportation services that TECO Transport provides for Tampa Electric.

Should you have any questions or require further information, please call.

Sincerely,



Carlos Aldazabal

Enclosures

cc: Florida Public Service Commission

Ms. Blanca S. Bayó, Director, Division of the Commission Clerk and Administrative Services

Mr. Jorge Chamizo, Assistant to Chairman Baez

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT

TO: Carlos Aldazabal

UTILITY: TEC/TECO Tran

AUDIT MANAGER: Tom Stambaugh

PREPARED BY: ---

REQUEST NUMBER: TT 01

DATE OF REQUEST: 01/15/04

AUDIT PURPOSE: Dkt 031033-El: TECO Transport

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 01/20/04
REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY
X OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:(Should include, but not be limited to, the following)

1. Please provide access to the books and records of Tampa Electric Company, TECO Transport and Trade and other affiliates as may apply to the scope of this analysis (per Florida Statutes, Chapters 350, 364, 366,367 and 368).

2. Please provide a functional organization chart of TECO Transport (TT) which pictures the relationship of TT with its three entities, ie, TECO ocean Shipping, TECO Barge Line and TECO Ocean Terminal.

TO: AUDIT MANAGER

DATE: 1/20/04

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY
(2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY:
(3) AND IN MY OPINION, ITEM(S) IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL. THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
(4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

(Signature and Title of Respondent)

Distribution: Original: Utility (for completion and return to Auditor)
Copy: Audit File

**Tampa Electric Company
TEC/TECO Transport
Docket # 031033-EI
Audit Request TT 01**

- 1) Please provide access to the books and records of Tampa Electric Company, TECO Transport and Trade and other affiliates as may apply to the scope of this analysis (per Florida Statutes, Chapters 350, 364, 366, 367 and 368).
- 2) Please provide a functional organization chart of TECO Transport (TT) which pictures the relationship of TT with its three entities, ie, TECO Ocean Shipping, TECO Barge Line and TECO Ocean Terminal.

Responses:

- 1) Access to the books and records of Tampa Electric has been provided. However, access to the books and records of TECO Transport or any other unregulated affiliate can not be provided. Tampa Electric does not have access to the proprietary, confidential books and records of TECO Transport or other affiliates. Tampa Electric and TECO Transport are operated as separate corporate entities whose books and records are not commingled, and neither company permits the other to have access to its books and records. Tampa Electric and TECO Transport operate as completely separate entities, one providing electric service and the other transportation services.

Furthermore, this request falls outside of the jurisdiction cited: Florida Statutes, Chapters 350, 364, 366, 367 and 368. Subsection 350.011 of Chapter 350 affirms the Florida Public Service Commission's ("FPSC") jurisdiction, power and duties, but it does not apply to unregulated entities. Chapter 364 applies to telecommunication companies only. Chapter 366 applies to public utilities only. Chapter 367 applies to water and wastewater systems only. Chapter 368 applies to gas transmission and distribution. TECO Transport is neither a telecommunication company, a public utility, a water and wastewater system, nor a gas transmission or distribution company. Therefore, TECO Transport does not fall within the jurisdiction cited above.

2. Tampa Electric does not possess or have access to a functional organization chart of TECO Transport. However, Tampa Electric is aware that TECO Transport is the parent company of TECO Ocean Shipping which provides ocean-going U.S. flag cargo transport; TECO Barge Lines which provides inland U.S. waterway barge, fleet switching, vessel and barge repair; and TECO Bulk Terminal which is a bulk storage and transfer terminal for import and export markets. This and additional publicly available information about the companies is found at the following Internet site: <http://www.tecotransport.com/>.

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT

TO: Carlos Aldazabal _____

UTILITY: TEC/TECO Tran

AUDIT MANAGER: Tom Stambaugh *ASD*

PREPARED BY: ---

REQUEST NUMBER: TT 02

DATE OF REQUEST: 01/15/04

AUDIT PURPOSE: Dkt 031033-EI: TECO Transport

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 01/21/04
REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY
X OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:(Response should include, but not be limited to, the following)

Please provide a description of TECO Ocean Shipping (TOS) operations. In particular, please describe how TOS operates for transportation of regulated materials (coal/petcoke) and non-regulated materials. Please identify the types of non-regulated materials which are transported. Include in this response whether specific ships are dedicated to regulated materials and to non-regulated materials, or whether ships in the fleet are used for both/either types of materials. Finally, please identify revenues and expenses related to "backhaul" voyages, to include the identification of fixed and variable costs. (Reference FPSC Order 20604).

TO: AUDIT MANAGER

DATE: 1/20/04

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY
- (2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY: _____
- (3) AND IN MY OPINION, ITEM(S) _____ IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 386.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL. THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Bob Hoff
Bob Hoff *Mgr. Regulatory Accounts*
(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)
Copy: Audit File

**Tampa Electric Company
TEC/TECO Transport
Docket # 031033-EI
Audit Request TT 02**

Please provide a description of TECO Ocean Shipping (TOS) operations. In particular, please describe how TOS operates for transportation of regulated materials (coal/petcoke) and non-regulated materials. Please identify the types of non-regulated materials which are transported. Included in this response whether specific ships are dedicated to regulated materials and to non-regulated materials, or whether ships in the fleet are used for both/either types of materials. Finally, please identify revenues and expenses related to "backhaul" voyages, to include the identification of fixed and variable costs. (reference FPSC Order 20604).

Response:

Tampa Electric does not know or have access to information about how TECO Ocean Shipping operates, including how regulated and non-regulated materials are treated, the types of non-regulated materials which are transported (other than the information which is publicly available in the TECO Energy annual reports or on the TECO Transport Internet site), which ships are dedicated to regulated and non-regulated materials, whether ships in the fleet are used for both/either types of materials, or revenues or expenses related to backhaul voyages. Tampa Electric is not privy to the operational considerations of TECO Ocean Shipping and the other TECO Transport companies. Tampa Electric relies on TECO Transport to provide its waterborne coal transportation services under the terms of its existing agreement for such services. TECO Transport's other (regulated or non-regulated) activities have no bearing on the contract rates that Tampa Electric pays to TECO Transport or the fulfillment of its contract with Tampa Electric.

Tampa Electric is aware that TECO Ocean Shipping carries dry bulk commodities throughout the world. It owns and operates 15 U.S. flag vessels that range in size from 19,200 to 42,800 DWT with a total shipping capacity of over 450,000 DWT. Phosphate, potash, sugar, scrap and bulk grain are some of the non-regulated products transported by TECO Ocean Shipping. This information is available in TECO Energy annual reports or on the following Internet site: <http://www.tecooceanshipping.com/>.

FLORIDA PUBLIC SERVICE COMMISSION AUDIT DOCUMENT/RECORD REQUEST NOTICE OF INTENT

TO: Carlos Aldazabal _____

UTILITY: TEC/TECO Tran

AUDIT MANAGER: Tom Stambaugh

PREPARED BY: _____

REQUEST NUMBER: TT 03

DATE OF REQUEST: 01/15/04

AUDIT PURPOSE: Dkt 031033-EI: TECO Transport

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 01/22/04

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION: (Response should include, but not be limited to, the following)

3. Feb
1. Please provide a schedule(s) as of 12/31/04, which presents total revenues and expense for TT and for each of its three entities. Please describe fully all reconciling entries for revenues and expenses.

Feb
2. Please provide a schedule(s) as of 12/31/04, which presents "rate base", ie, plant items and accumulated depreciaton, for TT and its three entities.

TO: AUDIT MANAGER

DATE: 1/20/04

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY
- (2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY: _____
- (3) AND IN MY OPINION, ITEM(S) _____ IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 384.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL. THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Carlos Aldazabal Mr. Regulatory Security
(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)
Copy: Audit File

**Tampa Electric Company
TEC/TECO Transport
Docket # 031033-EI
Audit Request TT 03**

- 1) Please provide a schedule(s) as of 12/31/03, which presents total revenues and expense for TT and each of its three entities. Please describe fully all reconciling entries for revenues and expenses.
- 2) Please provide a schedule(s) as of 12/31/03, which presents "rate base", ie. Plant items and accumulated depreciation, for TT and its three entities.

Response:

- 1) As previously stated, Tampa Electric does not have access to TECO Transport's books and records, including information about its revenues or expenses.
- 2) As previously stated, Tampa Electric does not have access to TECO Transport's books and records, including information about the value of its assets and depreciation amounts.

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT

TO: Carlos Aldazabal _____

UTILITY: TEC/TECO Tran

AUDIT MANAGER: Tom Stambaugh *fil*

PREPARED BY: _____

REQUEST NUMBER: TT 04

DATE OF REQUEST: 01/15/04

AUDIT PURPOSE: Dkt 031033-El: TECO Transport

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 01/23/04
REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION: (Response should include, but not be limited to, the following)

1. Please describe cost allocation methodologies which are in use by TT for the TOS shipping function. Please identify fixed and variable costs for TT and TOS (by type and by amount). Please explain how fixed and variable costs are allocated between regulated and non-regulated shipping.

2. For TOS, please provide a schedule(s) as of 12/31/04 of "backhaul" revenues and expenses. Please identify fixed and variable costs separately, and state whether direct or indirect, allocated or non-allocated.

TO: AUDIT MANAGER

DATE: 1/20/04

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY
- (2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY: _____
- (3) AND IN MY OPINION, ITEM(S) _____ IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL. THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Carlos Aldazabal

(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)
Copy: Audit File

**Tampa Electric Company
TEC/TECO Transport
Docket # 031033-EI
Audit Request TT 04**

- 1) Please describe cost allocation methodologies which are in use by TT for the TOS shipping function. Please identify fixed and variable costs for TT and TOS (by type and amount). Please explain how fixed and variable costs are allocated between regulated and non-regulated shipping.
- 2) For TOS, please provide a schedule(s) as of 12/31/03 of "backhaul" revenues and expenses. Please identify fixed and variable costs separately, and state whether direct or indirect, allocated or non-allocated.

Response:

- 1) As previously stated, Tampa Electric does not have access to TECO Transport's books and records, including information about cost allocation methodologies used by TECO Transport.
- 2) As previously stated, Tampa Electric does not have access to TECO Transport's books and records, including information about backhaul transportation provided by TECO Transport. Backhaul transportation does not affect the contractual relationship between Tampa Electric and TECO Transport or the rates paid to Tampa Electric for waterborne transportation services.

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT

TO: Carlos Aldazabal _____

UTILITY: TEC/TECO Tran

AUDIT MANAGER: Tom Stambaugh *TS*

PREPARED BY: ---

REQUEST NUMBER: TT 05

DATE OF REQUEST: 01/15/04

AUDIT PURPOSE: Dkt 031033-EI: TECO Transport

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 01/26/04

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION: (Response should include, but not be limited to, the following)

1. Please identify revenue per ton-mile for coal delivered to Big Bend Station, and revenue per ton-mile for all other coal, grain, phosphate products, and petcoke.
2. Please provide a schedule(s) as of 12/31/04 showing total cost (operating, depreciation, and tax expenses) per ton, for each of the three components of TECO Transport.

TO: AUDIT MANAGER

DATE: 1/20/04

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY
- (2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY: _____
- (3) AND IN MY OPINION, ITEM(S) _____ IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL. THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Carlos Aldazabal
Carlos Aldazabal *Mr. Regulatory Security*
(SIGNATURE AND TITLE OF RESPONDENT)

Distribution: Original: Utility (for completion and return to Auditor)
Copy: Audit File

**Tampa Electric Company
TEC/TECO Transport
Docket # 031033-EI
Audit Request TT 05**

- 1) Please identify revenue per ton-mile for coal delivered to Big Bend Station, and revenue per ton-mile for all other coal, grain, phosphate products, and petcoke.
- 2) Please provide a schedule(s) as of 12/31/03 showing total cost (operating, depreciation, and tax expenses) per ton, for each of the three components of TECO Transport.

Response:

- 1) As previously stated, Tampa Electric does not have access to TECO Transport's books and records, including information about its revenue per ton-mile for all products shipped. Tampa Electric can and has provided to the FPSC Staff the confidential contract rates that are paid to TECO Transport for its provision of Tampa Electric's waterborne transportation services; however, Tampa Electric has no knowledge of or access to TECO Transport's other competitive confidential contract terms or rates. Tampa Electric is aware that TECO Transport's revenues received for Tampa Electric's coal shipments are equal to the costs paid by Tampa Electric for its waterborne transportation services. Tampa Electric's costs may be reviewed in detail.
- 2) As previously stated, Tampa Electric does not have access to TECO Transport's books and records, including information about its expenses.