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

REBUTTAL TESTIMONY AND EXHIBIT

OF

PAULA GULETSKY

ON BEHALF OF

TAMPA ELECTRIC COMPANY

REDACTED VERSION

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED REBUTTAL TESTIMONY

OF

PAULA GULETSKY

ON BEHALF OF

TAMPA ELECTRIC COMPANY

Q. Please state your name and business address.

A. My name is Paula Guletsky and my business address is 55 East Monroe Street, Chicago Illinois.

Q. By whom are you employed and in what capacity?

A. I am employed by Sargent & Lundy, L.L.C. ("S&L") as a Senior Project Manager. S&L is an engineering design and consulting firm that has exclusively served the power industry in development, design, construction, and operations of power generation and distribution facilities for over 111 years.

Q. Please describe your educational background and business experience.

A. I received a Bachelor of Science degree in Chemical

Engineering from the University of Kentucky in 1981. I have served the power industry throughout my entire career. First, I worked for ABB Environmental Systems from 1981 to 1991. During my tenure with ABB I served as a conceptual design engineer, a detail design engineer, and an engineering manager for coal fired utility environmental projects. I joined S&L, my present employer, in 1991 as a project engineer. I have served as a project manager for 10 years. My experience spans from project development studies through conceptual design, detail design, construction, startup, operations, plant betterment and retrofit. I am a registered engineer in the state of Wisconsin.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide a detailed description of the independent cost estimates performed by S&L in August and September 2003 for retrofit at Tampa Electric's Big Bend and Polk plants to allow for rail delivery of coal in addition to the existing barge/truck delivery system. I also address both the numerous inaccuracies and certain outrageous allegations made by CSXT's witnesses, Dr. Robert Sansom and Mr. John Stamberg, regarding the S&L report and their approach to

a similar study.

Q. Have you prepared an exhibit in support of your testimony?

A. Yes. Exhibit No.___ (PMG - 1) consists of two documents. Document No. 1 is the engagement letter between Tampa Electric and S&L for the services to be performed. Document No. 2 is a project timeline showing specific tasks and time requirements necessary to retrofit Big Bend Station so that it may receive coal by rail.

Q. Please summarize your testimony.

A. S&L was hired to provide an independent technology screening analysis including cost estimates to retrofit the Big Bend and Polk Power stations to allow for rail delivery of coal. S&L prepared its report in accordance with S&L's strict engineering standards. Despite the outlandish allegations by CSXT's witnesses, S&L would never consider taking any short cuts or making reckless proposals that would damage its reputation as an industry leader for professional services. S&L's evaluation of CSXT's proposal was that while the concept appeared reasonable, the cost estimates used by CSXT were grossly

understated. Similarly, Mr. Stamberg's review and adjustments to CSXT's proposal omitted and failed to consider basic project requirements that resulted in insufficient cost estimates and flawed conclusions. After reviewing Dr. Sansom's assertions and Mr. Stamberg's proposals, S&L re-affirms its original estimates, and dismisses the conclusions reached by both Dr. Sansom and Mr. Stamberg because they lack the understanding of what the true costs are for the project.

S&L ENGAGEMENT AND WORK PERFORMED

Q. Why did Tampa Electric hire S&L in August 2003?

A. As described in the direct testimony of Tampa Electric witness Joann Wehle, S&L was commissioned to review the CSXT proposals and to provide an independent technology screening analysis including cost estimates to retrofit the Big Bend and Polk Power stations to allow for rail delivery of coal in addition to the existing barge/truck delivery plan. These cost estimates were to be used by Tampa Electric to evaluate the overall feasibility of the rail delivery approach to other options for coal transportation. S&L was asked to perform a technology screening analysis. Document No. 1 of my exhibit includes the engagement letter signed by Tampa Electric and S&L.

Q. What specific professional experience do you have that makes you qualified for this type of engagement?

A. With the exception of two gas turbine projects, my entire career has been focused on performing screening analysis and cost estimates, conceptual design and cost estimates, detailed design and project management of retrofit capital projects for coal fired utilities and independent power producers. All of these assignments have included material handling systems to some degree.

I have been a project manager at S&L for ten years. As such, I have demonstrated repeatedly to utility clients my expertise at assessing a retrofit need, assembling the appropriate staff within S&L to support the task, and executing the task on time and to a high standard of care.

Q. How did you staff this project?

A. For this project, I assembled the following key experts to perform the work:

Sam Madan - Material Handling Specialist and Process Owner who has 38 years experience in material handling industry.

George Bowater - Cost Estimating Specialist who has 32 years experience in the power industry.

Bock Yee - Project Manager and Licensed Engineer in the State of Florida who has 31 years experience in the power industry

The tasks performed were well within our usual and customary work.

PROJECT PLANNING PROCESS

Q. Please describe the process typically used in planning a major capital project such as the one proposed by CSXT for building rail delivery facilities.

A. Typically, there is a three-step process used in planning a major capital project. Technology screening is the first step. A technology screening, or feasibility study, serves to identify concepts worthy of additional consideration. A concept is proposed, a fatal flaw analysis is performed, a scope of work is identified and an order of magnitude cost estimate is prepared based upon the concept and scope of work. A typical technology screening will take anywhere from one week to three months depending on the number and complexity of the concepts analyzed. An estimate accuracy of 15 to 30

percent is provided.

If a concept is deemed feasible from a technology and cost standpoint, then the next step in planning is the conceptual, or preliminary design. During this phase of project development, engineering studies would be performed to further develop the scope of work and project schedule. Typical engineering studies would include site survey, soil boring, electrical load analysis, inspection of existing structures, tie-in's to existing facilities, and optimization studies. During the conceptual design phase, engineering would begin. Engineering tasks would include: modeling of the system with computer assisted design (CAD) software, preparing the general arrangement drawings, developing heat and mass balances, developing design criteria for the project, developing the engineering and construction schedule, and developing the piping and instrumentation diagrams. Vendor quotations would be solicited for major engineered equipment components during this phase of work. The cost estimate prepared in the conceptual design phase of a project is typically used for establishing capital budgets. An estimate accuracy of 10 to 20 percent is provided. The development of a conceptual design typically requires six months to a year

depending on the complexity of the system. Tasks indicative of the conceptual design stage are what are alluded to throughout Dr. Sansom and Mr. Stamberg's testimony.

The final stage of project development is detailed design and the development of a definitive cost estimate. The estimates prepared in conjunction with this stage of project development are based upon having 20 to 50 percent of detailed engineering complete and have an accuracy of 10 to 15 percent.

S&L WORK PLAN AND ESTIMATING STANDARDS

Q. Please describe the work plan you followed for this engagement.

A. S&L's approach used for this project consisted of four basic steps: (1) a scope of work was developed based upon the concept as revised to incorporate errors and omissions; (2) line items were developed in the cost estimate for every system, component or commodity needed for the project based upon the scope of work; (3) for each line item, a basis was developed to indicate the quality, size, capacity or materials; and (4) material and erection costs were prepared for each line item.

Q. Are the estimating techniques and methods used by S&L described above an appropriate standard of care for the type of work performed?

A. Yes. S&L is a highly respected worldwide leader in professional services for the electric power industry delivering engineering, construction management, and consulting services. The general engineering guidelines used in our cost estimating process are derived from the AACE International Estimating Committee standards. The cost estimating approach used for the Tampa Electric project is consistent with the methodology used for estimates prepared for hundreds of our utility clients, including Florida Power & Light, Progress Energy of Florida.

Q. Does S&L have any additional corporate standards of care that are followed?

A. Yes. S&L has corporate standards that must be followed, which help the company maintain its reputation as one of the global leaders in the field. The work performed by engineers is measured against these standards to ensure the services performed meet not only general engineering guidelines but the higher company standards.

S&L'S EVALUATION OF CSXT PROPOSAL

Q. Did you consider the retrofit concept proposed by CSXT to be workable from an engineering standpoint?

A. With the changes described in the S&L report to incorporate errors and omissions by CSXT, the concept proposed by CSXT may be workable. However, major environmental impacts associated with rail transportation - noise, traffic delays, and other inconveniences are not addressed. These social impacts cannot be readily quantified because of the variability of human response. Nevertheless these obstacles are not addressed but could impact the ability to get the concept accepted by the local community and agencies.

Q. What cost conclusions did you reach as a result of your screening analysis?

A. The cost estimate prepared and proposed by CSXT is extremely low in all cases. The independent cost estimates prepared by S&L indicate that the installed cost of the concept, including all necessary balance of plant adjustments and modifications, is four to five times that proposed by CSXT. S&L's as well as CSXT's capital cost estimates are summarized in the table below:

	S&L Capital	CSXT Capital
[redacted]		

Q. How could it be that your costs estimates and CSXT's costs estimates are so far apart?

A. I do not know how CSXT developed its cost estimates. However, S&L followed the same steps and approach, described above, that it uses for all of its utility screening projects and based on that approach arrived at the estimates it believes to be appropriate for the level of work performed.

Q. Dr. Sansom states that the S&L study was "designed to enable TECO to avoid considering CSXT's rail transportation bids rather than to provide an objective analysis of the feasibility of CSXT's proposals." Is this true?

A. Absolutely not. Tampa Electric hired S&L to perform an independent and objective assessment of the concept

proposed by CSXT. That is what we did.

Q. Did this engagement require a site visit to Big Bend and Polk Power stations?

A. After reviewing the concept and plan and after having discussions with Tampa Electric personnel, we felt that a site visit would not be required. We have extensive experience in the design of material handling systems specifically as they fit into a power plant system. We have extensive experience in retrofit of major systems into existing and operating facilities. We understood the concept presented to the level necessary to perform our work task. A visit to the site was neither required nor the best use of the time available to perform the work.

Q. Do you agree with Mr. Stamberg, the consultant hired by CSXT, that the infrastructure improvements and estimated costs of these modifications were reasonable?

A No, I do not. The cost breakdown provided with the CSXT proposal did not provide enough detail of the infrastructure assumptions. It did not appear from the costs provided that adequate infrastructure was included in the CSXT estimate.

Further, the descriptions and calculations provided by Mr. Stamberg in his testimony confirm that inadequate utility grade new equipment and infrastructure costs were used. Although not all of the cost differences are due to infrastructure, some examples of errors and omissions in CSXT's estimate include:

1. Lack of HVAC to ventilate the unloading pit and transfer houses.
2. No extension to the fire protection loop for the new system.
3. Lack of temporary coffer dam and dewatering for pit construction
4. Non-use of enclosed conveyors when transporting coal over an open water canal.
5. No inclusion of electrical hardware and commodities required for interface with the existing facility.
6. Inadequate steel and foundation allowance for design to meet the requirements of Florida's building code.

Q. Did S&L use engineering drawings and design specifications in performing their analysis?

A. Yes. S&L was provided with adequate plant reference drawings and data to perform the work. Additionally, S&L's efforts were supported by an on-site team of

engineers at Tampa Electric. Many telephone conferences and individual telephone calls were held to exchange information. Documents were interchanged electronically as evidenced by the correspondence included in the appendix to S&L's report.

Q. Did this engagement require you to discuss with CSXT the cost estimates in their bid?

A. No. S&L did not require discussions with CSXT because we understood the concept they proposed. Discussions with them regarding their cost estimates would not have been appropriate since we were hired to provide an independent assessment of costs based upon S&L's knowledge and experience.

Sansom's and Stamberg's Testimony

Q. Please identify any deficiencies you observed in Mr. Stamberg's estimates.

A. Examples of deficiencies to CSXT's and Mr. Stamberg's estimate include, but are not limited to, the following errors and omissions:

1. The conveyor prices included are not consistent with utility grade system component costs.

2. The rapid discharge pit size, method used to determine the cost estimate for the coffer dam needed, and pit erection costs are understated based on design requirements.

3. Mr. Stamberg states that HVAC included in S&L's report is unnecessary. The HVAC systems listed are ventilation systems for the underground pit and enclosed transfer house. Ventilation of these areas is a National Fire Protection Association (NFPA) guideline.

4. Upgrades to the plant electrical supply and distribution systems are not addressed. It is unlikely that the existing facility can accommodate the addition of over 60 motors without the purchase of new motor control centers, an additional electrical building and a transformer.

5. Other required balances of plant upgrades are not addressed. These include upgrades to the plant control system to monitor operations of the new equipment, extension of the fire protection loop, storm water and coal runoff grading upgrades, and relocation and interconnect with plant services.

6. Project indirect costs such as engineering, procurement, construction management, insurance, and permit fees are not identified.

Q. Were errors and omissions caused by Mr. Stamberg's limited access to Big Bend?

A. No. Mr. Stamberg's errors and omissions are not the result of his not visiting the Big Bend site. Any experienced system design firm would understand and account for these requirements based on the plan drawing provided by Tampa Electric and the known physical location of the plant.

Q. On page 11 of Mr. Stamberg's testimony he states that only four adjustments are required to CSXT's 2 to 5.5 million ton proposal to correct the deficiencies. Do you agree with that assessment?

A. No. While Mr. Stamberg's adjustments do increase the amount of infrastructure improvements needed from the original CSXT proposal, they do not address a complete design and cost estimate. Additionally, the adjustments that were proposed by Mr. Stamberg have significant flaws and omissions including:

1. The long conveyor installed cost was increased from the CSXT proposed $3.1 million to $4.2 million, which represents an increase of over 30 percent. However, the cost is still too low because the

equipment proposed is for light duty service and inappropriate for use in utility service.

2. The rapid discharge pit size is too small and shallow for the equipment. Resultantly, the coffer dam size and depth is also lacking.

3. The added dust suppression equipment costs are too low. The S&L estimate is based upon actual quotes for similar service on other projects currently in the design and procurement phase. The basis of Mr. Stamberg's estimate is unknown.

Q. Is S&L familiar with the conveyor manufacturers Mr. Stamberg references on pages 18 and 19 of his testimony?

A. FMC and Continental Conveyors are well known conveyor suppliers, however, S&L is not familiar with Cubic Storage Systems, Inc. as a system supplier for the utility market. S&L does not consider a quotation from this entity to be a credible data point.

Q. Mr. Stamberg provides budgetary quotes from two known conveyor manufactures, plus Cubic Storage Systems, Inc., as the primary basis for his estimates on the long conveyors. Do you consider his quotes to be accurate?

A. No. None of the budgetary prices developed by the conveyor manufacturers are firm prices based on materials and equipment suitable for the conditions at the site. For the budgetary price obtained from FMC by Mr. Stamberg, the following disclaimer appears in large letters:

> **Pricing provided as Budgetary only. Exact pricing will require further scope development, specification review and site analysis. Final pricing to occur prior to order acceptance.**

When asked for budget pricing without the benefit of full specifications, vendors can only respond by quoting unrealistically low prices without regard to actual site conditions and the design standards demanded by the application. The information provided by the vendors with their quotes is very limited. Therefore it is impossible to determine how many other site-specific design requirements are not included in their prices.

Q. Do you have an example of how the quote provided by FMC could change if more complete design specifications were provided?

A. Yes. Upon review of the quote provided by FMC to Mr. Stamberg, it appears that the equipment quote is for a light duty conveyor that does not meet the standard of care for a critical utility component. More information on design specifications would reveal:

1. The conveyor speed of 750 revolutions per minute (rpm) is higher than the industry recommended practice of 600 rpm. The increased speed of the conveyor contributes to higher dusting, coal spillage and undue wear on the component. To obtain the same throughput of the conveyor at a slower speed, a 60 inch conveyor is required rather than the 54 inch conveyor quoted.
2. Single coat enamel painting is insufficient due to corrosion. A minimum of two, but usually three, coat painting system should be specified for utility grade service. The Big Bend coal field is bordered on three sides by the salt waters of Tampa Bay which adds to the corrosive effects of the semi-tropical weather that is typical of Central Florida.
3. C series idlers are too light duty for this application. D-series idlers are recommended.
4. A design based on a dry environment is not appropriate. The conveyors are not housed in a dry environment. They are to be located outside, in

close proximity to Tampa Bay. All components of the system must be designed for outdoor service. Additionally, all electrical components must be designed for either waterproof/dustproof or explosion proof service.

5. The idler spacing of five feet increases the loading on the idlers and the sag between the idlers which contributes to dusting along the conveyer. Industry experts that set conveyor guidelines, Conveyor Equipment Manufacturer Association ("CEMA"), recommend a maximum of four feet idler spacing.

Besides the incorrect design assumptions, FMC's quote excludes key components including the foundation design and supply, the head discharge boxes, and electrical requirements.

After all of these errors and omissions are addressed, the quote received from FMC is more reflective of the quote provided by S&L. To further validate the adequacy of the database used in the cost estimate S&L provided, we benchmarked the bid coal conveyor costs provided to us by FMC for a new coal plant service. The bid received from FMC, that was prepared to an S&L specification for standard utility service, was higher than our database

estimate but within the error band. Specifically, the FMC quote was 10% higher than the S&L model predicted.

Q. Do you agree with the timeline Dr. Sansom created and states that Tampa Electric should have followed?

A. No. Dr. Sansom's timeline is incredibly unreasonable. S&L has determined that just over 24 months is required from the start of engineering studies and conceptual design through startup of the retrofit design. Further, S&L would recommend that six weeks of float be built into the schedule to account for unforeseen events. That would bring the timeline to a 26 month span. A shorter time span for execution would significantly increase project costs due to premiums paid for expedited delivery and labor overtime.

Also, it is unrealistic to expect any organization to authorize the start of conceptual engineering immediately upon receipt of a proposal as Dr. Sansom suggests. It is our experience that utility clients would require a minimum of two months to review the proposal and obtain the necessary approvals to move forward with engineering studies and conceptual design work that would cost $500,000 or more.

I have included as Document No. 2 of my exhibit a much more realistic timeline. My timeline, excluding the six weeks of contingency time, shows that the rail delivery retrofit at Big Bend Station starting with project authorization through startup and testing would take a minimum of 24 months, not 17 months as Dr. Sansom suggests.

S&L's Cost Estimate

Q. CSXT criticizes your study and asserts the study was prepared hastily and therefore, inaccurately. Do you agree?

A. Absolutely not. S&L was able to prepare an analysis and order of magnitude cost estimate within a three week period because of our extensive knowledge on the subject. S&L has a single focus; we perform consulting and design engineering services exclusively to the power industry, and as a result, routinely prepare estimates for these systems. As an example, S&L has recently performed over 100 new coal power plant studies, which include estimated costs for similar equipment and which form the capital cost basis for new plant decisions. We are currently in the detailed design and construction phase of 15 utility material handling systems. The project management,

material handling and cost estimating specialists used in the performance of the study prepared for Tampa Electric perform this type of analysis exclusively on power plant systems and have over 100 years of collective experience in fossil power plant design. We would not have accepted the assignment had we felt the time constraints were unreasonable.

Q. Dr. Sansom, in his summary on page 7 of his testimony, alleges S&L "failed to include many obvious steps that such analysis should include, such as evaluating permit conditions." Do you agree?

A. Not at all. This allegation reflects a lack of understanding of the process. It is not typical or customary to evaluate permitting in detail as part of a technology screening analysis. Permitting issues are performed in the second stage of capital project planning, which is the conceptual or preliminary design phase.

Q. CSXT criticized S&L for not obtaining vendor quotes. Was that a flaw in your analysis?

A. No it was not. Because S&L's sphere of work is electric

power plants and distribution, we have extensive, current cost databases with power plant components. It is not our practice to solicit budget estimates from suppliers at this phase of work. If, based on the screening phase, the project were to be considered further, we would typically obtain cost estimates from major suppliers, design criteria would be established, and a cost estimate with an accuracy of plus or minus ten percent would be prepared. Vendor quotes were not necessary for purposes of this engagement since our database is comprehensive and appropriate for this analysis.

Q. CSXT alleges the S&L study is not reliable because you did not consider the possible use of available facilities from Tampa Electric's Gannon site, freed up by the closure of the coal-fired plant. What is your response?

A. S&L did not evaluate the reuse of existing assets at Tampa Electric's Gannon site and rightfully so; the screening process focused on the Big Bend and Polk stations only. It is customary to perform optimization studies of the type suggested by CSXT in the conceptual design phase, not in the screening phase of project development. It is not usual and customary in a screening evaluation to assume that 20+ year old assets not

currently at the facility may be reused. It has been my experience that the reuse of existing assets is typically more costly than using new equipment. In this particular case it would be more pronounced since older assets would have to be disassembled, relocated, and brought up to code.

However, S&L did consider the reuse of existing facilities at Big Bend Station during the screening phase. Upon review of the limestone pit drawings, we determined that it was unlikely that the pit was long enough to accommodate quick discharge coal unloading space requirements. Further, it would be imprudent to assume that this 25 year-old structure could be modified to the extent necessary without evaluation of the structural integrity of the facility both in its current and modified configuration.

Q. Apparently Dr. Sansom found great humor in the fact that 22 of the 38 cost items identified in the S&L report were multiples of $70,000. Because of this, he suggests your report is "worthless." How do you respond?

A. It is usual and customary for a cost estimate used in the screening process to have line items rounded to the

nearest $10,000. For a $10 million project, rounding to a $10,000 level represents one-tenth or .1 percent of the total project cost. To observe this rounding and leap to the conclusion that the study is "worthless" is absurd.

Q. The foundation costs in the S&L report are much higher than what is reflected in CSXT's and Mr. Stamberg's proposal. What could account for the variance?

A. S&L's foundation costs are not a function of concrete quantities alone. Foundation costs include excavation, forming of the foundation, rebar detailing, fabrication and delivery, concrete and labor. The S&L estimate provides foundation costs for three transfer houses, the conveyor pedestals, the rapid discharge pit, and conveyor tunnel.

Q. Doesn't Mr. Stamberg account for these additional foundation costs?

A. Again, it appears that the estimates used by Mr. Stamberg either omit or grossly understate foundation costs. For example, even if one were to use the rapid discharge pit he recommends, he estimates excavation costs to be $2,000. That amount would not even cover the costs of

bringing in the necessary machinery to perform the excavation.

Q. What basis did S&L use to design and estimate the cost of the rapid discharge pit?

A. The basis of estimating the rapid discharge pit costs was consistent with S&L standards and industry practice. Detailed design drawings from an existing S&L project with a similar conveyor width were used to establish quantities. Labor rates used were from the S&L database which is updated yearly by region using the similar industry guidelines as described by Dr. Sansom and Mr. Stamberg in documents I reviewed. Additionally, S&L rates were further benchmarked and validated with actual cost data collected during the execution of the Gannon re-powering project. The cost of the foundations for the transfer houses and conveyor pedestals was benchmarked from data on existing designs of similar size and weight constraints.

Upon review of the hand calculations (undated and unsigned) provided by Mr. Stamberg, it appears that the pit width and depth used is substantially smaller than a final design would require. Also, there is no indication

that the associated underground conveyor tunnel is included in the concrete estimate.

Specifically I have identified the following errors made by Mr. Stamberg:

1. Mr. Stamberg's outside dimension for the pit is 12 feet compared to S&L's outside dimension of 29 feet. S&L's design estimates four foot wall thickness to overcome hydraulics. This allows 21 feet internal wall to wall space to provide room for the conveyor and maintenance access to both sides.
2. The pit depth was estimated at 25 feet compared to S&L's pit depth of 40 feet.

Finally, the S&L pit size estimate is based upon the actual as-built design of an existing structure of similar service and same size conveyor. It includes all required access to and from the pit for normal maintenance and emergency evacuation. Mr. Stamberg's design is 54 percent of the size the pit required for the equipment and maintenance access. It also excludes quantities required for the subsequent conveyor tunnel.

Q. Does this complete your testimony?

A. Yes, it does.

EXHIBIT NO._____
TAMPA ELECTRIC COMPANY
DOCKET NO. 031033-EI
(PMG-1)
DOCUMENT NO. 1

EXHIBIT TO TESTIMONY OF

PAULA M. GULETSKY

DOCUMENT NO. 1

"S&L ENGAGEMENT LETTER"

From: Ralph Painter
To: gregory.a anderson@sargentlundy com; paula.m.guletsky@sargentlundy.com
Date: 8/27/03 2:26PM
Subject: Tampa Electric Company w.o 1758420-2. CSXT rail coal delivery proposal evaluation

August 27, 2003

Mr. Gregory Anderson
Senior Vice President
Sargent and Lundy, LLC

Please consider this e-mail your authonzation to provide assistance in performing a technical evaluation of the attached proposal from CSX Transportation, Inc. to provide rail delivery of coal to Tampa Electric Company's Big Bend and Polk Power Station. This authorization is on a time and material basis not to exceed $20,000 per the current continuing services agreement between Sargent and Lundy and Tampa Electric Company.

The MSWord Document attached, Scope.doc, contains an outline of the elements of the evaluation. Those that are primarily Sargent and Lundy's responsibility are marked "S&L" and those that are primarily Tampa Electric's responsibility are marked "TE." The scope document includes a milestome schedule. The final report is required by September 5, 2003.

The Adobe PDF files are copies of the CSX Transportation proposal and followup documents dated 07/30/03 and 08/11/03. Of course, CSXT's proposal is confidential.

A conference call to kick off this activity is schedule for today at 2:30 PM Central time between Ms. Paula M. Guletski, Mr. Denis Barrette and myself.

Mr. Eugene Zakis was very helpful in initiating this activity.

Thank you for your assistance.

Sincerely,

Ralph D. Painter, Jr.
Manager- Generation Engineering
Tampa Electric Company
(813) 641-5224.

CC: Barrette, Denis; Black, Charles R.; eugene.zakis@sargentlundy.com; Shelnut, Charles

REDACTED

EXHIBIT NO. _____
TAMPA ELECTRIC COMPANY
DOCKET NO. 031033-EI
(PMG-1)
DOCUMENT NO. 2

EXHIBIT TO TESTIMONY OF

PAULA M. GULETSKY

DOCUMENT NO. 2

"RAIL DELIVERY RETROFIT TIMELINE"

DOCUMENT NO. 2

TO PAULA M. GULETSKY'S TESTIMONY

ARE CONFIDENTIAL AND HAVE

BEEN REDACTED FROM THIS

PUBLICLY FILED VERSION