

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

SEPTEMBER 21, 2004

RE: Docket No. 031033-EI - Review of Tampa Electric Company's 2004-2008 waterborne transportation contract with TECO Transport and associated benchmark. (Deferred from September 7, 2004 conference.)

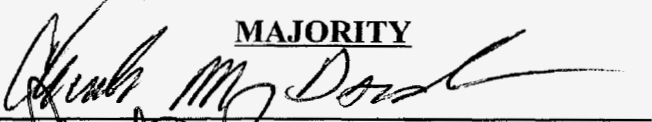


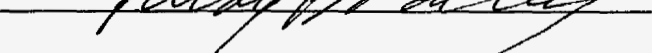
Issue 1: Is Tampa Electric's June 27, 2003, request for proposals sufficient to determine the current market price for coal transportation?

Recommendation: No. By its restrictive terms and conditions, Tampa Electric's June 27, 2003, request for proposals (RFP) was not sufficient to determine the market price for coal transportation.

**APPROVED**

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

<u>MAJORITY</u>	<u>DISSENTING</u>
	
	
	
	

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

10189 SEP 21 04

VOTE SHEET

SEPTEMBER 21, 2004

Docket No. 031033-EI - Review of Tampa Electric Company's 2004-2008 waterborne transportation contract with TECO Transport and associated benchmark. (Deferred from September 7, 2004 conference.)

(Continued from previous page)

Issue 2: 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?

Primary Recommendation: No. Although a competitive market for coal transportation services does likely exist, the wide disparity in the estimated rates for such services recommended by the parties and the staff suggests that a consensus definition of the market cannot be reached based on the record in this case. Primary staff recommends that the Commission review the books and records of TECO Transport to determine an appropriate level of cost recovery for Tampa Electric based on what TECO Transport charges non-affiliated companies for waterborne transportation.

**DENIED**

First Alternate Recommendation: No. The rate proposed by Tampa Electric for inland river barge service should be reduced by \$0.34 per ton to reflect backhaul opportunities. The rate proposed by Tampa Electric for ocean barge service should be reduced by \$2.69 per ton. This adjustment is based on (1) removing Witness Dibner's preference trade adjustment, (2) accepting Witness Majoros' adjustment to reflect backhaul opportunities, (3) using capitalization ratios that more closely reflect actual conditions for the industry, and (4) adjusting annual throughput to expected annual levels.

**DENIED**

Second Alternate Recommendation: No. The rate proposed by Tampa Electric for inland river barge service should be reduced by \$1.00 per ton. The rate proposed for terminal service should be reduced by \$0.23 per ton. The rate proposed for ocean barge service should be reduced by \$2.41 per ton. These adjustments are based on comparisons of waterborne transportation rates paid by other Florida utilities to non-affiliated carriers.

**MODIFIED**

*Approved with the exclusion of adjustment for terminal service.*

VOTE SHEET

SEPTEMBER 21, 2004

Docket No. 031033-EI - Review of Tampa Electric Company's 2004-2008 waterborne transportation contract with TECO Transport and associated benchmark. (Deferred from September 7, 2004 conference.)

(Continued from previous page)

Third Alternate Recommendation: No. The overall rates for waterborne transportation should be reduced to reflect delivery of 1 million tons of coal in 2004 and 2 million tons annually from 2005 through 2008 by rail with the remainder of Tampa Electric's coal transportation requirements satisfied by waterborne transportation at the market rates proposed by either (a) first alternate staff or (b) second alternate staff.

**DENIED**

Fourth Alternate Recommendation: Yes.

**DENIED**

Issue 3: Should the Commission modify or eliminate the waterborne coal transportation benchmark that was re-affirmed for Tampa Electric by Order No. PSC-93-0443-FOF-EI, issued March 23, 1993, in Docket No. 930001-EI?

Recommendation: Yes. Staff recommends:

- 1) The benchmark that the Commission approved by Order No. 20298 and reaffirmed for Tampa Electric Company by Order No. PSC-93-0443-FOF-EI, issued March 23, 1993, in Docket No. 930001-EI, is no longer relevant. The Commission should eliminate the benchmark.
- 2) The Commission should not require Tampa Electric to rebid for coal transportation services for the current contract period of 2004 through 2008. Tampa Electric's cost recovery for the 2004 through 2008 period should be governed by the Commission's vote on Issue 2. At its own discretion, Tampa Electric may choose to re-bid part or all of its existing coal transportation requirements to mitigate the impact of the adjustments, if any, the Commission votes on in Issue 2. Should Tampa Electric decide to re-bid, the company may petition the Commission for an alternate regulatory treatment of its coal transportation costs based on the results of the re-bid.

VOTE SHEET

SEPTEMBER 21, 2004

Docket No. 031033-EI - Review of Tampa Electric Company's 2004-2008 waterborne transportation contract with TECO Transport and associated benchmark. (Deferred from September 7, 2004 conference.)

(Continued from previous page)

- 3) The Commission should order Tampa Electric to conduct fair, open, and reasonable RFP processes for solid fuel procurement for 2009 and beyond. The Commission should evaluate Tampa Electric's requests for recovery of costs for 2009 and beyond based on the results of the RFP.
- 4) The Commission should require Tampa Electric to perform a separate feasibility analysis of using rail accessible coal supplies and rail transportation, in whole or in part, to supply solid fuel to its Big Bend and Polk Stations. The results of the study should be provided to the Commission within 180 days of the final order.

**APPROVED**

*with clarification that  
TECO is free to come up  
another RFP*

Issue 4: Should this docket be closed?

Recommendation: If the Commission approves the primary staff recommendation in Issue 2, this docket should remain open for the Commission to determine the appropriate rate for cost recovery purposes. Otherwise, this docket should be closed after time for filing an appeal has expired.

**APPROVED**

*Additionally, TECO's motion for settlement was denied.*