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October 18, 2004

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Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance
Incentive Factor; FPSC Docket No. 040001-EI

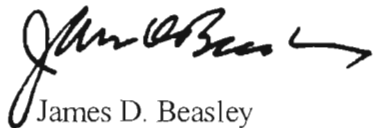
Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Tampa Electric Company are the original and ten (10) copies of the Rebuttal Testimony and Exhibit 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

CMP	_____	JDB/bjd
COM	<u>5</u>	Enclosures
CTR	<u>org</u>	.cc: All Parties of Record (w/encls.)
ECR	_____	
GCL	<u>1</u>	
OPC	_____	
MMS	_____	
RCA	_____	
SCR	_____	
SEC	<u>1</u>	
OTH	_____	

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing rebuttal testimony and exhibit, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 18th day of October 2004 to the following:

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ATTORNEY



TAMPA ELECTRIC

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 040001-EI

IN RE: FUEL & PURCHASED POWER COST RECOVERY

AND

CAPACITY COST RECOVERY

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 the
22 audit findings of Tampa Electric's incremental security
23 expenses filed by Mr. Joseph W. Rohrbacher, testifying on
24 behalf of the Florida Public Service Commission ("FPSC")
25 staff.

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

2

3 A. Yes. My Exhibit No. ___ (JDJ-4), consists of a calculation
4 of the incremental security expenses for 2004 utilizing
5 total company security expenses.

6

7 Q. Please address your overall assessment of Mr.
8 Rohrbacher's testimony.

9

10 A. Mr. Rohrbacher's testimony fails to distinguish between
11 appropriately recorded post-9/11 security expenses as
12 provided by the Commission in Order No. PSC-02-1761-FOF-
13 EI ("Order") and total company O&M security-related
14 spending as requested by the FPSC audit staff. As a
15 result, his use of both post-9/11 security expenses and
16 total company security spending has resulted in
17 inaccurate conclusions with regard to actual incremental
18 security O&M expenses.

19

20 Q. Do you agree with the amount Mr. Rohrbacher has
21 determined to be the incremental security expenses for
22 2004?

23

24 A. No, I do not. To calculate incremental security costs
25 for 2004 Mr. Rohrbacher uses a total company security

1 expenses for the 2000 baseline, which included expenses
2 for guard services, employee salaries and benefits,
3 vehicle expenses, materials, other contracted services
4 and miscellaneous expenses. However, his 2004 expenses
5 only reflect guard services expenses, while ignoring the
6 aforementioned employee salaries and benefits, vehicle
7 expenses, materials, other contracted services and
8 miscellaneous expenses. Therefore, Mr. Rohrbacher's
9 calculation was based on amounts that are not comparable
10 because his calculation is not gross security expenses
11 for 2004 minus adjusted gross security expenses for 2000
12 or guard services expenses for 2004 minus adjusted guard
13 services expenses for 2004, but a mismatch of guard
14 services expenses for 2004 minus gross security expenses
15 for 2000.

16
17 As demonstrated in Exhibit No. ___ (JDJ-4), a calculation
18 of incremental security expenses using the 2004 gross
19 company security expenses, and following Mr. Rohrbacher's
20 methodology, results in incremental expenses of \$930,410,
21 which are actually higher than the 2004 incremental
22 security expenses of \$508,553 Tampa Electric is seeking
23 to recover. Mr. Rohrbacher's use of all FERC O&M
24 security accounts to determine the total company security
25 baseline distorted the calculation of incremental

1 security expenses because many of the expenses are not
2 directly tied to post-9/11 activity. The determination
3 of incremental security expenses should consider only
4 FERC O&M accounts pertaining to Tampa Electric's guard
5 services expenses, as the company's calculations do,
6 because only these accounts reflect expenses that are
7 related to post-9/11 security. That approach is
8 consistent with the Order, which requires that only
9 incremental post-9/11 security expenses be recovered
10 through the capacity clause. The correct baseline and
11 expense amounts for 2004 are shown in Document No. 2 of
12 Exhibit ___ (JDJ-2), filed on August 10, 2004.

13
14 **Q.** On pages 4 through 5 of his testimony, Mr. Rohrbacher
15 suggests that incremental security expenses are
16 decreasing. How do you respond?

17
18 **A.** Mr. Rohrbacher concludes that incremental security
19 expenses for 2004 should be lower due to historical
20 trends and because budgeted total company security
21 expenses in two accounts for 2003 decreased. However,
22 that conclusion does not recognize that historical
23 expenses do not reflect new legislative mandates and
24 guidelines and the implementation of new countermeasures.
25 In addition, Mr. Rohrbacher references a written response

1 provided by a company representative stating that
2 incremental security expenses have decreased. While
3 incremental security expenses for 2003 did decrease from
4 2002, the audit response Mr. Rohrbacher referenced is
5 specific to projected 2003 expenses in only two FERC
6 accounts and should not to be confused with actual
7 incremental security expenses which are separately
8 identified in numerous FERC accounts.

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Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

EXHIBIT TO THE REBUTTAL TESTIMONY OF
J. DENISE JORDAN

Calculation of Incremental
Security Expenses Using the Auditor's Approach

Security Expenses	2000	2004
Guard Services O&M Expenses	\$ 1,927,252	\$ 3,209,852
Employee Salary and Benefits	543,906	528,684
Vehicle Expenses	78,144	73,884
Stores and Materials	96,810	78,456
Other Contracted Services	145,344	164,744
Miscellaneous	34,802	50,216
Gross Security O&M Expense Baseline ¹	\$ 2,826,258	\$ 4,105,836

¹ The 2000 security expenses cited in Audit Control No. 02-340-2-1 totaled \$2,731,227 because a few security FERC accounts were inadvertently excluded from the calculation. These accounts and a reconciliation of the two amounts were provided to the FPSC audit staff during the review of base year security costs in Docket No. 040001-EI.

Calculation of Incremental Security Expenses Based on Audit Approach:

2004 Gross Security O&M Expense		\$ 4,105,836
	Energy Sales Growth	
2000 Gross Security O&M Expense Baseline	\$ 2,826,858	
2001 Baseline Adjusted for Energy Sales Growth	2.72%	
2002 Baseline Adjusted for Energy Sales Growth	5.03%	
2003 Baseline Adjusted for Energy Sales Growth	2.66%	
Less Baseline Adjusted for Energy Sales Growth		<u>\$ (3,130,932)</u>
2004 Incremental Security Costs		<u>\$ 974,904</u>
Retail Jurisdictional Separation Factor		0.9543611
2004 Recoverable Retail Incremental Security		\$ 930,410