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July 21, 1997

HAND DELIVERED

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause  
with Generating Performance Incentive Factor;  
FPSC Docket No. 970001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket, on behalf of Tampa Electric Company, are fifteen (15) copies of each of the following:

1. Rebuttal Testimony of Karen A. Branick.
2. Rebuttal Testimony of Gerard J. Kordecki.

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,

*Lee L. Willis*  
Lee L. Willis

ACK ✓  
AFA *Attarducci*  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU LLW/pp  
Enclosures

cc: All Parties of Record (w/encls.)

EAG *Bayo*  
LEG \_\_\_\_\_  
LIN *3 to go*  
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SEC *T*  
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RECEIVED & FILED  
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BUREAU OF RECORDS

*Kordecki* *Branick*  
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REC'D RECORDS/REPORTING FPSC REC'D RECORDS/REPORTING

Ms. Blanca S. Bayo  
July 21, 1997  
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Rebuttal Testimony, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (\*) on this 21st day of July, 1997 to the following:

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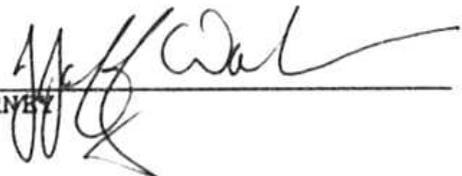
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ATTORNEY



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BEFORE THE PUBLIC SERVICE COMMISSION  
PREPARED REBUTTAL TESTIMONY  
OF  
KAREN A. BRANICK

Q. Please state your name and business address.

A. My name is Karen A. Branick. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company in the position of Director Electric Regulatory Affairs.

Q. Are you the same Karen A. Branick who submitted Testimony in this proceeding on June 25, 1997?

A. Yes, I am.

Q. What is the purpose of your Rebuttal testimony?

A. The purpose of my testimony is to point out that the positions advanced by staff witness Ballinger are not responsive to the issues identified thus far in this proceeding, and are inconsistent with sound regulatory policy.

1 Q. Ms. Branick, what is Tampa Electric's disagreement with the  
2 positions advanced in Mr. Ballinger's testimony?  
3

4 A. From a purely procedural point of view, the question of  
5 whether or not to eliminate the 20% incentive which the  
6 Commission has established for transactions over the  
7 Florida Broker is not identified or even anticipated under  
8 any of the issues considered in this proceeding. The  
9 matter at issue before this Commission is how transmission  
10 revenues, resulting from FERC jurisdictional transactions  
11 and based on a FERC jurisdictional pricing methodology,  
12 should be treated for retail ratemaking purposes. The  
13 Staff's testimony all but ignores this question.  
14

15 Q. Ms. Branick, do you disagree with Staff's proposal to  
16 eliminate Broker incentives?  
17

18 A. Yes. While we have had only limited opportunity to  
19 consider Staff's position, we are convinced that Staff's  
20 proposal to eliminate the existing 20% incentive under the  
21 Broker will only serve to undercut much of the success  
22 which the Commission's incentive mechanism has created.  
23 The Florida Energy Broker system, has been an outstanding  
24 success. To date, rate payers have realized over \$800  
25 million in benefits, due in no small part to the incentive

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structure established by the Commission.

Mr. Ballinger proceeds in his testimony through a series of non-sequiturs with regard to the state of wholesale competition in Florida in order to arrive at his conclusion that the incentive is no longer necessary. I would respectfully suggest that Mr. Ballinger has missed the point. To the extent that competition has increased, the wisdom of the Commission's provision for incentives on the Broker system is only reinforced. In effect Staff is calling for the elimination of incentives because they have worked as the Commission intended. The flaw in Staff's reasoning is that the response to a system that is working is not to dismantle the system. To do so would be counterproductive and adverse to the ratepayers interests.

Q. Ms. Branick, do you believe that 100% of the transmission revenues from Broker sales should flow through the fuel clause?

A. No. The basis for Staff's position is, at best, unclear. In his testimony Mr. Ballinger asserts, without support that the FERC jurisdictional methodology will result in an inequitable sharing of benefits among utilities. Even if this assertion is correct, Staff has provided no reasonable

1 connection between this assertion and its proposed fuel  
2 clause treatment of Broker related transmission revenues.

3  
4 As Mr. Kordecki has explained in his direct testimony, the  
5 FERC methodology would result in the treatment of these  
6 transmission revenues as operating revenues with a revenue  
7 credit in the next rate change. This approach is entirely  
8 consistent with this Commission's treatment of third party  
9 transmission revenues.

10  
11 Neither Staff nor any other party has advanced a compelling  
12 argument as to why these Broker related transmission  
13 revenues should be treated any differently than this  
14 Commission has traditionally treated third party  
15 transmission revenues. In fact both Gulf Power and Florida  
16 Power Corporation (with respect to "new" customers)  
17 subscribe to this view.

18  
19 Q. Ms. Branick, does this conclude your rebuttal testimony?

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21 A. Yes, it does.

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