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RECORDS AND
REPORTING

May 14, 1999

HAND DELIVERED

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

Re: Petition of Tampa Electric Company to Close Rate Schedules IS-3 and IST-3
FPSC Docket No. 990037-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Response to Preliminary Comments of the Florida Industrial Cogeneration Association.

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

- ACK 1
- AFA _____
- APP _____
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- S. _____
- W-S _____
- OTM _____

JDB/pp
Enclosures

cc: Leslie Paugh (w/enc.)
David Ging (w/enc.)

DOCUMENT NUMBER-DATE

06153 MAY 14 99

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric)
Company to Close Rate Schedules)
IS-3 and IST-3.)
_____)

DOCKET NO. 990037-EI
FILED: May 14, 1999

**TAMPA ELECTRIC COMPANY'S RESPONSE
TO PRELIMINARY COMMENTS OF
THE FLORIDA INDUSTRIAL COGENERATION ASSOCIATION**

Tampa Electric Company ("Tampa Electric" or "the company") responds as follows to the Preliminary Comments filed in this proceeding on behalf of The Florida Industrial Cogeneration Association ("FICA") and says:

1. Counsel for Tampa Electric were not served a copy of FICA's March 29, 1999 Preliminary Comments and did not receive those comments until April 28, 1999. The gist of FICA's stated concerns has to do with the fact that under Tampa Electric's proposal FICA's members will not have available interruptible standby and supplemental service going forward.

2. FICA's preliminary comments suggest that the Commission defer action on Tampa Electric's petition to close Rate Schedules IS-3 and IST-3. In essence, FICA simply wants the continued availability of the current interruptible rate schedules notwithstanding the fact that they are no longer cost-effective to Tampa Electric's general body of ratepayers. That is wrong. Closure of noncost-effective interruptible rates is appropriate under Fla. Admin. Code Rule 25-6.0438. Continuing to allow new customers to take service under noncost-effective rate schedules would be harmful to the vast majority of customers and a cross-subsidy to new customers taking service under these rate schedules.

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FPSC-RECORDS/REPORTING

3. Closure of Rate Schedules IS-3 and IST-3 is consistent with the Commission's decision in Order No. 17159 issued on February 6, 1987 in Docket No. 850673-EU, In re: Generic Investigation of Standby Rates for Electric Utilities. In that order the Commission specifically addressed the Public Utility Regulatory Policy Act of 1978 ("PURPA") and the Federal Energy Regulatory Commission's ("FERC") rules implementing PURPA. In that order the Commission found as follows relative to the provision of non-firm electric service to self-generating customers ("SGCs"):

We find that the proper policy, consistent with the FERC rules and our rules, regarding the provision of SGCs of interruptible backup, maintenance, and supplemental power, is that it should be offered if it can be shown to result in demonstrable net benefits to the utility's general body of ratepayers. Absent such a demonstration, it should not be offered.

4. FICA cites FERC regulations providing for a waiver of the provision of interruptible supplemental backup and maintenance power and quotes from 18 CFR §292.305(2)(b)(2). That provision of the FERC rules authorizes a state regulatory authority, such as this Commission, not to require the provision of interruptible supplementary, backup or maintenance power if, after notice in the area to be served by the electric utility and after opportunity for public comment, the utility demonstrates and the state regulatory authority finds that the provision of such service will impair the electric utility's ability to render adequate service to its customers or place an undue burden on the electric utility. The Commission's own Rule 25-6.0438(4), Florida Administrative Code, also cited in FICA's comments at paragraph 4, provides such a forum for this Commission's determination that interruptible supplementary, backup and maintenance power should not be provided. That is the process invoked by Tampa

Electric's petition in this docket, which is consistent with and contemplated by the FERC rule cited by FICA.

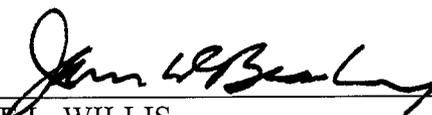
5. FICA's "Reserve Margin Concerns" and "Earnings Concerns" are also deficient. The Commission would be ill advised to leave noncost-effective rates open simply because interruptible load plays a role in reserve margin. In addition, in approving the earnings stipulation in Docket No. 950379-EI the Commission did not instruct Tampa Electric to ignore the requirements of the Commission's Rule 25-6.0438 to the effect that a utility should take action to close any non-firm rate the utility determines is no longer cost effective.

6. Tampa Electric is in the process of preparing a new interruptible service proposal, including standby interruptible service, and will submit it for Commission consideration at the earliest possible date.

WHEREFORE, Tampa Electric submits the foregoing response in opposition to the preliminary comments of the Florida Industrial Cogeneration Association.

DATED this 14th day of May, 1999.

Respectfully submitted,



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(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Response, filed on behalf of Tampa Electric Company, has been furnished by hand delivery(*) or U. S. Mail on this 14th day of May 1999 to the following:

Ms. Leslie J. Paugh*
Staff Counsel
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Mr. Richard Zambo
Richard A. Zambo, P.A.
598 S.W. Hidden River Avenue
Palm City, FL 34990



ATTORNEY

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