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June 4, 1999

HAND DELIVERED

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RECORDS AND REPORTING

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 for Clarification of its Interruptible Rate Schedules IS-1, IST-1, SBT-1, IS-3, IST-3 and SBT-3

990724-EI

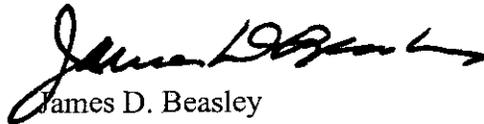
Dear Ms. Bayo:

Enclosed for filing in the above-styled matter are the original and fifteen (15) copies of Tampa Electric Company's Petition for Clarification of its Interruptible Rate Schedules IS-1, IST-1, SBT-1, IS-3, IST-3 and SBT-3.

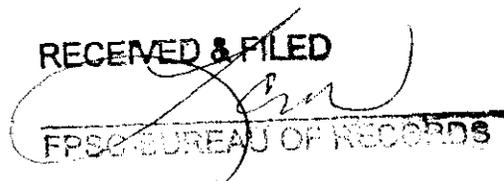
Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosures

RECEIVED & FILED

FPSC BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
06922 JUN -4 99
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric for)
Clarification of its Interruptible Rate)
Schedules IS-1, IST-1, SBT-1, IS-3,)
IST-3, and SBT-3.)
_____)

DOCKET NO. _____
FILED: June 4, 1999

PETITION OF TAMPA ELECTRIC COMPANY

Tampa Electric Company ("Tampa Electric" or the "company"), pursuant to Section 366.06(5), Florida Statutes, files this Petition for approval of the attached Rate Schedules IS-1, IST-1, SBI-1, IS-3, IST-3, and SBI-3 which clarify the term of service and penalty clause provisions of each schedule and states:

1. The name, address and telephone number of the petitioner are as follows:

Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-4111
(813) 228-1770 (fax)

2. Tampa Electric requests that copies of all pleadings, orders, notices and other documents submitted in this proceeding be furnished to the following:

Angela Llewellyn
Administrator, Regulatory Coordination
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-1752
(813) 228-1770 (fax)

Lee L. Willis
James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115
(850) 222-7952 (fax)

3. Tampa Electric's tariff contains six interruptible service rate schedules: Industrial Interruptible Service IS-1 (which was closed to new business as of June 18, 1985), Interruptible Service IS-3 (which has a pending request, filed January 8, 1999, in Docket No. 990037-EI, to be

DOCUMENT NUMBER-DATE

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closed to new business) as well as the time of day and standby rate equivalents IST-1, SBI-1, IST-3, and SBI-3.

4. Tampa Electric for many years has had a significant amount of interruptible service on its interruptible rate schedules. These schedules provide lower prices than the company's otherwise applicable firm rate schedules in return for which customers choose to accept the risk of interruptions at will. Since these customers' loads are available for interruption, the company does not need to construct power plants to serve them. If an interruptible customer desires to switch to firm service, the company will have a minimum of five years to arrange for new generating capacity to serve them without causing adverse effects to other customers.

5. The lower prices on interruptible rate schedules are justified because these customers provide a safety net for other customers by enabling Tampa Electric to rely on the power normally used to serve these interruptible customers' loads as part of Tampa Electric's reserve capacity. This source of additional capacity is available at any time the company needs that capacity to continue to provide firm service to other customers.

6. This reliance on interruptible customers' load as planning reserves enables Tampa Electric to avoid building new generating facilities or making firm purchases of power that would otherwise be required to provide the requisite reserve capacity. Since availability of this component of reserves is critical to the integrity of its system, Tampa Electric requires interruptible customers to provide written notification five years in advance before they are eligible to be considered for firm service. This notice gives Tampa Electric the opportunity to plan for the conversion of these customers to firm service without jeopardizing service to

existing firm customers and without requiring existing firm customers to subsidize such new loads.

7. This principal is embedded in the Commission's Non-Firm Electric Service Rule 25-6.0438, F.A.C. adopted August 21, 1986, specifically requires:

Each utility that offers non-firm service shall include a specific provision in its tariff that requires a customer to provide the utility with at least five years advance written notice in order for the customer to be eligible to transfer from interruptible service to firm service.

8. This principal, also set forth in the "Terms of Service" of each interruptible service schedule, contains the following unequivocal language:

Any customer receiving service under this schedule will be required to give the Company a written notice at least 60 months prior to transfer to a non-interruptible schedule. Such notice shall be irrevocable unless the Company and the customers should mutually agree to void the notice.

9. However, the interruptible service tariffs also contain a provision titled "Penalty Clause for Transfer Without Full Notice." The penalty clause provision follows the exact language approved in the company's 1985 Rate Case Order¹ and provides:

Any customer choosing to transfer to firm service from interruptible service without giving the full five (5) years notice shall pay a charge amounting to the difference between this rate and the applicable firm rate for the period of time immediately prior to the changeover that is equal to the period that the changeover will be less than the required notice period.

This penalty may be waived by the company if the following two conditions can be demonstrated:

- 1) The customer has been on the IS rate for at least five (5) years.
- 2) It can be demonstrated that there is sufficient capacity to provide firm service to the customer and that allowing the

¹ Order No. 15451, issued December 13, 1985 in consolidated Docket Nos. 850050-EI and 850246-EI.

customer to receive firm service will have no adverse effect on the Company's generation expansion plan.

10. If read in isolation, this provision might appear to give the customer the option of switching to firm service on less than five years' advance notice if the customer is willing to pay the penalty, as prescribed in the tariff. However, such an interpretation would be entirely inconsistent with and would fatally undercut the important regulatory policy clearly set forth by the Commission, as discussed in Paragraphs 7 and 8 above. As noted in Paragraph 9 above, the threshold question must be whether there is sufficient capacity to provide firm service to the interruptible customer asking to switch to firm service without depriving existing firm customers of adequate capacity to meet their needs. The penalty may be woefully inadequate in a severely capacity-constrained market and may offer no meaningful protection to existing firm customers. If there is insufficient capacity, then the switch to firm service should not be permitted. The customer seeking to transfer to firm service is not in a position to evaluate the sufficiency of firm resources to meet existing firm customer needs and, in fact, has no obligation to do so. Therefore, the interruptible customer cannot be permitted to decide the fate of existing firm customers in a regulatory framework. In principal and in practice, this responsibility has fallen to the jurisdictional utility and, ultimately, to this Commission. The implicit and explicit risks assumed by customers electing interruptible service should not be shifted to existing firm customers.

11. In instances where a customer taking service under one of the interruptible rate schedules requests to transfer to firm service, the company has applied the tariff provisions in a manner consistent with its understanding of Commission policy as articulated in Paragraph 10 above. If, in the company's estimation, there is sufficient capacity to serve switching customers over the balance of the five-year notice period without prejudicing existing firm customers, the

company may allow a customer to switch but require a penalty as provided in the tariff. The company may then waive the penalty where the company has sufficient capacity to serve the customer and the customer has been an interruptible customer for at least five years.

12. In order to reinforce the Commission's policy and Tampa Electric's practice of not permitting interruptible customers to switch to firm service at the expense of existing firm customers, Tampa Electric respectfully suggests that its tariff language should be clarified to remove any lingering notion that interruptible customers can switch to firm service at will, without regard for the consequences to existing firm customers.

13. The proposed revised Tariff sheets are provided in standard format as Exhibit "A" to this petition. Following the standard format Tariff sheets in Exhibit "B" is a composite exhibit consisting of the standard format of the Tariff pages, but marked in legislative format to show the specific changes that the company is proposing.

14. Tampa Electric has had inquiries in the last few months by several customers asking the company to calculate the amount of the penalty for switching to firm service without a five-year notice. These specific customers were notified in advance of this filing and provided an opportunity to provide a formal written notice of a request to switch. Upon receipt of such notice from these customers, the company will determine when the customers can be permitted to switch to a firm rate schedule. This determination will be based upon an analysis of available generating capacity and the impact to existing firm rate schedule customers.

15. The clarified language as proposed herein should be made applicable as of the date of the filing of this Petition for all other customers.

WHEREFORE, Tampa Electric requests that its attached Rate Schedules IS-1, IST-1, SBI-1, IS-3, IST-3, and SBI-3 be approved effective as of the date of the filing of this Petition and that only the customers distinguished above be allowed to switch to firm service if they so chose and upon payment of the applicable penalty under the existing rate schedules.

DATED this 4th day of June, 1999.



LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
850/224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

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Exhibit "A"

Continued from Sheet No. 6.091

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

OPTIONAL PROVISION: Any customer served under this schedule may elect to have the Company minimize interruptions through the procedure described below. Such election must be made in writing to the Company and shall remain in effect until such time that the Company is notified in writing that the customer no longer desires that such procedure be employed by the Company.

Procedure: During periods when the Company would otherwise interrupt customers served under this schedule, the Company will attempt to purchase sufficient energy from other systems to prevent, in whole or in part, such interruptions. The customer agrees that whenever the Company is successful in making such purchases, the customer will pay, as part of its monthly service bill, an extra charge per kilowatt-hour for each kilowatt-hour consumed during the time of such purchase. The extra charge per kilowatt-hour shall be the amount per kilowatt-hour paid to the outside source less the amount per kilowatt-hour otherwise billed under this schedule, plus 2 mills (\$0.002) per kilowatt-hour.

PENALTY CLAUSE FOR TRANSFER WITHOUT FULL NOTICE: The Company may permit transfer to firm service without full notice upon satisfaction of the initial term of service and upon a determination by the Company that there is sufficient capacity to provide firm service to the customer. Any customer allowed to cease taking interruptible service under this schedule without giving full notice shall pay a charge amounting to the difference between this rate and the applicable firm rate for the period of time immediately prior to the changeover that is equal to the period that the changeover will be less than the required notice period.

This penalty may be waived by the Company if the following two conditions can be demonstrated:

- 1) The customer has been on the interruptible service rate schedule for at least five (5) years; and
- 2) There will be no adverse effect to existing firm customers or the Company's generation expansion plan.

PAYMENT OF BILLS: See Sheet No. 6.022.

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE:

Continued from Sheet No. 6.141

FUEL CHARGE: See Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

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Continued to Sheet No. 6.143

Continued from Sheet No. 6.142

This penalty may be waived by the Company if the following two conditions can be demonstrated:

- 1) The customer has been on the interruptible service rate schedule for at least five (5) years; and
- 2) There will be no adverse effect to existing firm customers or the Company's generation expansion plan.

PAYMENT OF BILLS: See Sheet No. 6.022.

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE:

Continued from Sheet No. 6.352

PENALTY CLAUSE FOR TRANSFER WITHOUT FULL NOTICE: The Company may permit transfer to firm service without full notice upon satisfaction of the initial term of service and upon a determination by the Company that there is sufficient capacity to provide firm service to the customer. Any customer allowed to cease taking interruptible service under this schedule without giving full notice shall pay a charge amounting to the difference between this rate and the applicable firm rate for the period of time immediately prior to the changeover that is equal to the period that the changeover will be less than the required notice period.

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- 1) The customer has been on the interruptible service rate schedule for at least five (5) years; and
- 2) There will be no adverse effect to existing firm customers or the Company's generation expansion plan.

PAYMENT OF BILLS: See Sheet No. 6.022.

Continued from Sheet No. 6.372

OPTIONAL PROVISION: Any customer served under this schedule may elect to have the Company minimize interruptions through the procedure described below. Such election must be made in writing to the Company and shall remain in effect until such time that the Company is notified in writing that the customer no longer desires that such procedure be employed by the Company.

Procedure: During periods when the Company would otherwise interrupt customers served under this schedule, the Company will attempt to purchase sufficient energy from other systems to prevent, in whole or in part, such interruptions. The customer agrees that whenever the Company is successful in making such purchases, the customer will pay, as part of its monthly service bill, an extra charge per kilowatt-hour for each kilowatt-hour consumed during the time of such purchase. The extra charge per kilowatt-hour shall be the amount per kilowatt-hour paid to the outside source less the amount per kilowatt-hour otherwise billed under this schedule, plus 2 mills (\$0.002) per kilowatt-hour.

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- 1) The customer has been on the interruptible service rate schedule for at least five (5) years; and
- 2) There will be no adverse effect to existing firm customers or the Company's generation expansion plan.

PAYMENT OF BILLS: See Sheet No. 6.022.

Exhibit "B"

Continued from Sheet No. 6.091

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.**FLORIDA GROSS RECEIPTS TAX:** See Sheet No. 6.021.**FRANCHISE FEE CHARGE:** See Sheet No. 6.021.

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This penalty may be waived by the Company if the following two conditions can be demonstrated:

- 1) The customer has been on the ~~interruptible service IS rate schedule~~ for at least five (5) years; and:
- 2) ~~It can be demonstrated that there is sufficient capacity to provide firm service to the customer and that allowing the customer to receive firm service will have no adverse effect on. There will be no adverse effect to existing firm customers or~~ the Company's generation expansion plan.

PAYMENT OF BILLS: See Sheet No. 6.022.

Continued from Sheet No. 6.141

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PAYMENT OF BILLS: See Sheet No. 6.022.

Continued from Sheet No. 6.372

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