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June 12, 2001

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: Review of Tampa Electric Company and impact of its participation in GridFlorida, a Florida transmission company, on TECO's retail ratepayers
FPSC Docket No. 010577-EI

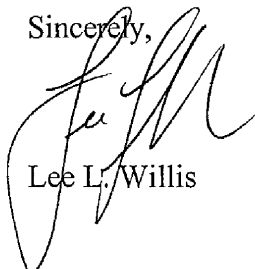
Dear Ms. Bayo:

Enclosed for filing in the above docket, on behalf of Tampa Electric Company, are the original and fifteen (15) copies of Petition to Determine the Prudence of Formation of and Participation in GridFlorida, Inc.

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

LLW/pp
Enclosures

cc: Chairman E. Leon Jacobs, Jr. (w/enc.)
Commissioner Braulio Baez (w/enc.)
Commissioner J. Terry Deason (w/enc.)
Commissioner Lila A. Jaber (w/enc.)
Commissioner Michael A. Palecki (w/enc.)

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Ms. Blanca S. Bayo

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Mary Andrews Bane	(w/enc.)
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Harold A. McLean	(w/enc.)
William D. Talbott	(w/enc.)
Robert L. Trapp	(w/enc.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Tampa Electric Company and) DOCKET NO. 010577-EI
impact of its participation in GridFlorida LLC, a) FILED: June 12, 2001
Florida transmission company, on TECO's)
retail ratepayers)
_____)

**PETITION TO DETERMINE THE PRUDENCE
OF FORMATION OF AND PARTICIPATION IN GRIDFLORIDA LLC**

Tampa Electric Company ("Tampa Electric" or "the Company") hereby petitions this Commission for an order concluding that participation by Tampa Electric in an Regional Transmission Organization ("RTO") is the Company's most prudent course of action in light of the Federal Energy Regulatory Commission's ("FERC") Order No. 2000. The Company further requests that this Commission find that the GridFlorida proposal, advanced jointly by Tampa Electric, Florida Power and Light ("FPL") and Florida Power Corporation ("FPC"), is prudent, given the parameters established by the FERC in its Order No. 2000. Pending review of this matter by the Florida Public Service Commission ("FPSC" or "Commission"), Tampa Electric is not in a position to move forward with the formation and commercial operation of GridFlorida LLC ("GridFlorida"). Therefore, Tampa Electric respectfully requests that the Commission set this matter for hearing on an expedited basis, consistent with its decision made during the May 29, 2001 Agenda Conference.

1. The Petitioners' name, address, telephone number and facsimile number are:

Harry W. Long, Jr.
Tampa Electric Company
702 North Franklin Street
Tampa, FL 33602
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(813) 228-1770 (fax)

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702 North Franklin Street
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227 South Calhoun Street
Tallahassee, FL 32301
(850) 224-9115
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2. All pleadings, notices, staff recommendations, orders or other documents required to be served, filed by any party or issued by the Commission in this proceeding should be forwarded to the following persons:

Harry W. Long, Jr.
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3. Tampa Electric is an electric utility subject to the jurisdiction of this Commission. As a regulated electric utility, reasonable and prudent costs for providing retail electric service are recoverable through rates and charges, which have been approved by this Commission. Tampa Electric is also a public utility subject to the jurisdiction of the FERC with respect to provision of wholesale electric service. Tampa Electric, in response to the provisions of Rule 28-106.201, F.A.C., states that this Petition is filed consistent with the Commission's decision at the May 29, 2001 Agenda Conference. However, at this time Tampa Electric is not aware of disputed issues of material fact. The actions of the FERC and the steps taken to develop

GridFlorida as herein alleged warrant granting the relief requested which is authorized pursuant to Sections 366.05, 366.06 and 366.076, Florida Statutes.

4. Pursuant to its authority under the Energy Policy Act of 1992, the FERC issued Order No. 2000, 65 Fed. Reg. 809, on December 20, 1999, which established a national policy that it is in the public interest for all jurisdictional public utilities that own, operate or control facilities for transmission of electric energy in interstate commerce to make certain filings with respect to the formation and participation in a RTO. Specifically the FERC directed all jurisdictional public utilities that owned, operated, or controlled interstate transmission facilities to file with the FERC by October 15, 2000 either:

a. A proposal to participate in a RTO that would be operational no later than December 15, 2001 or

b. An alternative filing describing efforts to participate in a RTO, obstacles to RTO participation, and any plans and time tables for future efforts to overcome such obstacles.

5. Order No. 2000 makes it clear that the formation of RTOs is an integral part of a nationwide federal initiative:

Our objective is for all transmission-owning entities in the Nation, including non-public utility entities, to place their transmission facilities under the control of appropriate RTOs in a timely manner.

Order No. 2000 also makes it clear that while FERC initially is taking a voluntary approach to RTO formation, FERC may order jurisdictional entities to join an RTO if they fail to do so in accordance with Order No. 2000:

Our adoption of a voluntary approach to RTO formation in this Final Rule does not in any way preclude the exercise of any of our authorities under the FPA to order remedies to address undue discrimination or the exercise of market power, including the

remedy of requiring participation in an RTO, where supported by the record.

* * * * *

We conclude that the Commission possesses both general and specific authorities to advance voluntary RTO participation. We also conclude that the Commission possesses the authority to order RTO participation on a case-by-case basis, if necessary

FERC Order No. 2000 is incorporated herein by reference.

6. On October 16, 2000, and supplemented on December 15, 2000, pursuant to §§ 203 and 205 of the Federal Power Act and FERC Order No. 2000, Tampa Electric, FPL and FPC (the “Joint Applicants”) submitted a joint response in compliance with Order No. 2000, requesting authorization from the FERC to create GridFlorida LLC, a for-profit RTO. As proposed, GridFlorida would be a limited liability company and would 1) own, operate and control transmission facilities divested to it by transmission owners in exchange for a non-voting membership interest, and 2) operate transmission facilities of other transmission owners that transfer operational control to GridFlorida pursuant to a Participating Owners’ Management Agreement. If this proposal is implemented, Tampa Electric and FPL will transfer ownership and control of their respective transmission facilities of 69 kV and above to GridFlorida. FPC will transfer full operational control of its transmission facilities of 69 kV and above to GridFlorida while retaining ownership. Upon commencement of operation of GridFlorida, the Joint Applicants will obtain transmission service from GridFlorida.

7. The proposal contained in the Joint Applicant’s Order No. 2000 compliance filing was not created in a vacuum. To the contrary, the proposal for the formation of GridFlorida was the product of many months of intense and detailed collaborative discussions, as required under Order No. 2000, with a wide range of market participants, including municipal utilities, rural electric cooperatives, existing and potential operators of Florida non-utility generation and FERC

Staff. The FPSC was invited to, attended and participated in many of these public meetings. In addition, a number of presentations were made to the FPSC in order to keep it fully apprised of the GridFlorida proposal as it evolved.

8. On March 28, 2001, the FERC issued its Order in Docket No. RTO1-67-000 provisionally granting RTO status to GridFlorida LLC. This FERC Order found that the October 16, 2000 compliance filing by the Joint Applicants, as modified on December 15, 2000, complied with the minimum characteristics and functions of an RTO as described in Order No. 2000. In its March 28th Order, FERC also accepted various portions of the Joint Applicants' Proposal, revised other portions of the Proposal and directed the applicants to make an additional compliance filing, reflecting ordered revisions, within sixty (60) days of March 28, 2001.

9. On April 23, 2001, this Commission opened Docket No. 010577-EI, captioned "Review of Tampa Electric and its Impact of its Participation in GridFlorida, Inc., a Florida Transmission Company, on TECO Retail Ratepayers."

10. On May 3, 2001, the Staff of this Commission filed recommendations in Docket No. 000824-EI with respect to FPC and Docket No. 001148-EI with respect to FPL which directly challenged the prudence of FPC's and FPL's [and, by implication, Tampa Electric's] decisions to join an RTO, in general, and to form and participate in GridFlorida, in particular. The Staff concluded that the GridFlorida proposal was beyond the development stage and well into the implementation stage. However, this conclusion is incorrect. This Commission's determination that Tampa Electric's planned involvement in the GridFlorida RTO is prudent is a necessary prerequisite to Tampa Electric's continued participation in the formation of GridFlorida.

11. On May 15, 2001, this Commission approved Staff's Recommendations in both the FPC and FPL dockets squarely raising issues that challenge the prudence of the formation of and participation in GridFlorida. The Commission's action in these dockets has had the effect of arresting each company's participation in GridFlorida given the possibility of future disallowance of each company's GridFlorida-related costs on grounds of imprudence.

12. On May 29, 2001, Tampa Electric, FPL and FPC made the compliance filing required by the FERC in its March 28th Order. In light of this Commission's decision to adopt the Staff's recommendations as they pertained to the prudence of participation in GridFlorida, Tampa Electric, FPC and FPL advised the FERC in their compliance filing as follows:

Shortly before the date of this filing, the Florida Public Service Commission ("FPSC") initiated separate formal prudence investigations into the Applicants' participation in GridFlorida. The important and complex issues raised by the FPSC proceedings create uncertainty on several fronts, including the recovery of investments made by the Applicants to comply with Order No. 2000. The Applicants are concerned that they will be caught in a situation where the FPSC and this Commission will reach different conclusions as to whether the Applicants should participate in GridFlorida. Because resolution of these jurisdictional issues is too critical to the continued viability of GridFlorida, the Applicants have suspended their RTO development activities until the potential jurisdictional conflicts are resolved. Furthermore, the stakeholder Board Selection Committee has decided to suspend the process whereby members of the independent Board of Directors are being selected. The Board Selection Committee determined that it would not be appropriate at this time to interview and attempt to select Board members. The uncertainty regarding GridFlorida's situation would necessarily affect the Board Selection Committee's ability to attract qualified candidates. In addition, Accenture has been contracted by GridFlorida as a Project Manager to develop the Phase I Blueprint stage. The Blueprint stage, which will be completed in the near future, involves developing a time line and a start-up and operating budget for GridFlorida. The Applicants have decided not to go forward at this time with a Project Manager for the next phase of the project, which involves designing the organization and

selecting solution providers to perform the tasks identified in Phase I.

Each of the Applicants remains prepared to implement GridFlorida, depending upon the resolution of the jurisdictional issues. The Applicants are committed to working with the FPSC and stakeholders to resolve the RTO issues as quickly as possible. However, the Applicants do not know how long it will take for the FPSC to conclude its investigation or exactly what the impact of that proceeding ultimately will be on GridFlorida development. Once the Applicants know more, they will file a report with the Commission and, depending on how the jurisdictional conflicts are resolved, the Applicants will submit a revised implementation schedule, including a proposed date for the commencement of GridFlorida operations.

13. Also on May 29, 2001, this Commission granted, in part, and denied, in part, the Joint Motion of Tampa Electric, FPL and FPC to establish a separate generic docket to determine on an expedited basis, the prudence of the formation of and participation by Tampa Electric, FPL and FPC in GridFlorida. The Commission denied the portion of the motion requesting the opening of a separate generic docket but granted the portion of the motion requesting an expedited review of the prudence of participation in GridFlorida by Tampa Electric, FPL and FPC. The Joint Applicants were each directed to file, within their respective Dockets, a petition specifying the relief requested, within 30 days following the May 29th FPSC Agenda Conference and supporting testimony and exhibits within 60 days following the May 29th FPSC Agenda Conference. The Commission stated that it would render its decision within 90 days following the filing of testimony and exhibits. The Commission then directed its Staff to review the petitions filed to determine how many of the issues could be consolidated for hearing on the prudence of the formation of and participation in GridFlorida.

14. Tampa Electric finds itself in a potential jurisdictional dispute between two governmental agencies that may have conflicting views on the formation, operation and value of

an RTO. Tampa Electric has complied with the directives and policy determinations of the FERC in forming GridFlorida. However, the possibility of disallowance of transmission costs has caused each of the Joint Applicants to suspend their respective activities in connection with GridFlorida. It is imperative that Tampa Electric receive definitive guidance from this Commission before further progress can be made on the formation of the RTO.

15. It is important to identify the issues in this proceeding in order to enable the Commission to reach a decision that gives Tampa Electric timely and definitive guidance on the prudence of its participation in GridFlorida. Tampa Electric believes that the appropriate issues for the Commission's review of prudence are as follows:

a. Is Tampa Electric's decision to participate in a RTO the most prudent alternative in light of FERC's Order No. 2000?

b. Is the GridFlorida Proposal advanced by FPC, FPL and Tampa Electric prudent, given the parameters established by FERC in its Order No. 2000?

c. What are the benefits to the State of Florida associated with the GridFlorida Proposal advanced by Tampa Electric, FPC and FPL for the formation and operation of a RTO?

d. What are the estimated costs to Tampa Electric's retail customers for its participation in GridFlorida?

e. What factors support Tampa Electric's decision to transfer ownership and control of its transmission facilities of 69 kV and above to GridFlorida?

16. In order to provide full and complete testimony within the expedited schedule that the Commission has approved, Tampa Electric requests that a Prehearing Conference be held as soon as possible so that the statement of issues in this case can be finalized.

WHEREFORE, Tampa Electric respectfully requests that this Commission:

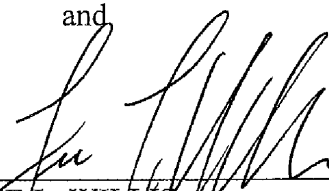
1. Convene a Prehearing Conference as soon as possible to establish the issues to be addressed;
2. Establish a schedule for the completion of the requested prudence review;
3. Determine that the formation and participation by Tampa Electric in GridFlorida is reasonable and prudent; and
4. Provide such other relief as is herein requested.

DATED this 12th day of June, 2001.

Respectfully Submitted,

HARRY W. LONG, JR.
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and



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

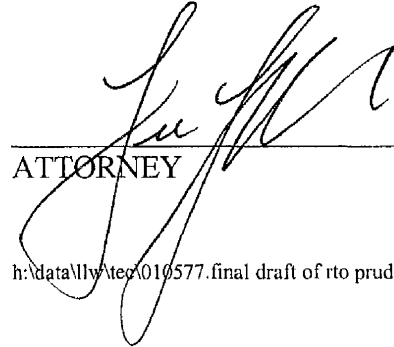
I HEREBY CERTIFY that a true copy of the foregoing Petition, filed on behalf of Tampa Electric Company, has been furnished by hand delivery (*) or U. S. Mail on this 12th day of June, 2001 to the following:

Mr. Robert V. Elias*
Ms. Marlene K. Stern
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Tallahassee, FL 32399-0850

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Mr. John Roger Howe
Office of Public Counsel
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ATTORNEY

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