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October 1, 2003

VIA HAND DELIVERY

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FPSC-COMMISSION CLERK

Re: Docket No.: 020898-EQ

Dear Ms. Bayo:

On behalf of Cargill Fertilizer, Inc. (Cargill), enclosed for filing and distribution are a disk and the original and 15 copies of the following:

- ▶ Prehearing Statement.

Please acknowledge receipt of the above on the extra copy of each and return the stamped copy to me. Thank you for your assistance.

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Sincerely,

Vicki Gordon Kaufman
Vicki Gordon Kaufman

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of Cargill Fertilizer, Inc.
to engage in self-service wheeling of waste
heat cogenerated power to, from and
between points within Tampa Electric
Company's service area

Docket No. 020898-EQ

Filed. October 1, 2003

PREHEARING STATEMENT

Pursuant to Order No. PSC-03-0866-PCO-TP, Cargill Fertilizer, Inc. (Cargill) files its
Prehearing Statement.

A. APPEARANCES:

JOHN W. MCWHIRTER, McWhirter, Reeves, McGlothlin, Davidson, Kaufman & Arnold,
P.A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33602 and **VICKI GORDON
KAUFMAN**, McWhirter, Reeves, McGlothlin, Davidson, Kaufman & Arnold, P.A., 117
South Gadsden Street, Tallahassee, Florida 32301.

On Behalf of Cargill Fertilizer, Inc.

B. WITNESSES:

Direct

Issues

Ozzie Morris
Jack Houston
Gerard J. Kordecki
Roger F. Fernandez

2, 7
2, 7
1, 2, 3, 4, 6, 7
2, 3, 4, 6, 7

Rebuttal¹

Issues

Gerard J. Kordecki
Roger F. Fernandez

1, 2, 3, 4, 7
2, 3, 4, 7

C. EXHIBITS:

Exhibit

Witness

Description

¹ Cargill will file rebuttal testimony on October 3, 2003

Direct

Exhibit No. ____ (GJK-1)	Gerard J. Kordecki	Impact of Cargill Self-Service Wheeling Pilot Program (2000-2002). Calculation Without Non-Recurring Costs and Benefits.
Exhibit No. ____ (GJK-2)	Gerard J. Kordecki	Impact of Cargill Self-Service Wheeling Pilot Program (2000-2002). Calculation Without Non-Recurring Costs and Benefits with Customer Savings Added.
Exhibit No. ____ (GJK-3)	Gerard J. Kordecki	Impact of Cargill Self-Service Wheeling Pilot Program (2000-2002). Calculation Without Non-Recurring Costs and Benefits with Customer Savings Added, Current Data.
Exhibit No. ____ (GJK-4)	Gerard J. Kordecki	Impact of Cargill Self-Service Wheeling Pilot Program (2000-2002). Savings to Customers During Pilot.
Exhibit No. ____ (GJK-5)	Gerard J. Kordecki	TRC Test.
Exhibit No. ____ (RFF-1)	Roger F. Fernandez	Map of the location of Cargill's plants that use self-service wheeling.
Exhibit No. ____ (RFF-2)	Roger F. Fernandez	<i>An Assessment of Renewable Electric Generating Technologies for Florida</i> , Florida Department of Environmental Protection and the Florida Public Service Commission, January 2003.
Exhibit No. ____ (RFF-3)	Roger F. Fernandez	TECo Ten Year Site Plan

		Review Workshop Handout
Exhibit No. ____ (RFF-4)	Roger F. Fernandez	Hourly Self-Service Wheeling Chart for April and October 2002.
Exhibit No. ____ (RFF-5)	Roger F. Fernandez	TECo's <i>Powerful Business</i> , <i>Issue 4</i> .
Exhibit No. ____ (<i>Revised</i> RFF-6)	Roger F. Fernandez	Craig Pittman, <i>Feds call TECo Deal Inadequate</i> , St. Petersburg Times, December 9, 1999.
Exhibit No. ____ (RFF-7)	Roger F. Fernandez	Excerpt of Schedule E3 to the testimony of J. Denise Jordan filed in Docket 030001-EI, August 13, 2003.
Exhibit No. ____ (RFF-8)	Roger F. Fernandez	July 2003 issue of Power Engineering Magazine at page 23.
Exhibit No. ____ (JDJ-1) ²		Extracts from the Deposition and Deposition Exhibits of Denise J. Jordan (Tampa Electric forecasted fuel costs, sales and forecasted generator operating statistics).
Exhibit No. ____ (HB-1)		Extracts from the Deposition and Deposition Exhibits of Howard Bryant (Tampa Electric's methodology for evaluating the cost effectiveness of conservation programs).
Exhibit No. ____ (PLB-1)		Extracts from the Deposition and Deposition Exhibits of Phil L. Barringer (Tampa

² Cargill proposes to introduce the depositions of Messrs. Bryant, Barringer, Donahey, Black and Ms. Jordan in lieu of requiring their appearance at the hearing.

Electric financial operations and factors used to determine if an item is financially material to Tampa Electric and its parent).

Exhibit No. ____ (RD-1)

Extracts from the Deposition and Deposition Exhibits of Ron Donahey (Procedures used by Tampa Electric to perform and account for transmission services and cogeneration).

Exhibit No. ____ (CB-1)

Extracts from the Deposition and Deposition Exhibits of Charles Black (Tampa Electric environmental studies and power plant development plan).

Exhibit No. ____ (WA-1)

Extracts from the Deposition and Deposition Exhibits of William Ashburn (if needed for impeachment).

Rebuttal

Rebuttal testimony will be filed on October 3, 2003. Cargill will have a list of its rebuttal exhibits at that time.

Cargill reserves the right to use appropriate exhibits on cross-examination.

D. STATEMENT OF BASIC POSITION:

Cargill is a fertilizer producer and it is also a cogenerator, meaning that it captures waste process heat and uses it to produce electricity. Cargill has invested in the equipment to do this and is therefore able to efficiently produce electricity, without the use of fossil fuels, from waste heat that would otherwise just be dissipated into the atmosphere. Cargill is a QF under federal rules. Cargill engaged in an experimental program with TECo to use self-service wheeling (SSW) so that Cargill could use power generated from its waste heat at one location at its other location when needed for maintenance, to respond to forced outages, and in lieu of purchasing electricity under Tampa Electric's optional purchase provision tariff rider when Tampa Electric has signaled an interruption. Cargill believes that the program was quite successful and seeks to have it made permanent.

The SSW program, which is the subject of this docket, meets the requirements for permanent approval set forth in Chapter 366, Florida Statutes, the Commission's rules, and the Cost-Effectiveness Manual for Demand Side Management Programs and Self Service Wheeling Proposals (Manual). Section 366.051 provides that SSW must be approved if it is not likely to result in higher cost electric service to ratepayers. The program at issue meets that test. Cargill's testimony and the data compiled by TECo during the pilot program show that the program has not, and will not, result in materially higher cost electric service to TECo's general body of retail and wholesale customers.

The SSW program also meets important statutory goals pertaining to cogeneration, conservation and reduction in the use of fossil fuels and provides valuable conservation and environmental benefits to TECo and its ratepayers by using waste heat to generate electricity. In addition, the program provides economic benefit to Cargill and enhances its ability to continue operations in, and provide trickle-down economic benefits to, TECo's service area.

The Commission should approve the program on a permanent basis.

E. STATEMENT OF ISSUES AND POSITIONS:

ISSUE 1: What cost-based measures should be used to evaluate Cargill's self-service wheeling request?

Cargill: Cargill's self-service wheeling request should be evaluated using the cost-based measures required by Rule 25-17.008, Florida Administrative Code, and the Cost-Effectiveness Manual. The principle cost-based measures to be used are the RIM and the TRC tests. When these tests are correctly calculated and applied, as set out in the testimony of Cargill's Mr. Kordecki, they demonstrate that the SSW program is cost-effective. Mr. Kordecki's analysis shows that the program is positive under the RIM analysis. Under the TRC analysis, the program provides a 14 to 1 benefit. (See, Exhibit No. GJK-5). Even when TECo's flawed RIM and TRC tests are considered, the SSW program is very close to the 1.0 standard (.981 for the RIM test and .97 for the TRC test) for cost-effectiveness. Further, even the slight "impact" TECo calculates is immaterial.

ISSUE 2: What factors, other than cost, should the Commission consider in evaluating Cargill's self-service wheeling request?

Cargill: The Commission must consider the legislatively-mandated goals requiring it to encourage cogeneration and conservation, including the conservation of expensive and polluting fossil fuels (see §§ 366.051, 366.81, 366.82(2), Florida Statutes and PURPA). In addition, the Cost-Effectiveness Manual requires the Commission to consider:

- the type of fuel used by the project – in Cargill's case, large amounts of fossil fuel are conserved as electricity is generated from waste heat;
- the fuel efficiency of the project – as a cogenerator, using waste heat, the process is very efficient;
- the likelihood of the construction of a transmission line;
- the materiality of any lost revenues indicated by the RIM test – in Cargill's case, there are

no lost revenues; but even using TECo's flawed analysis, such revenues are immaterial. When compared to TECo total revenues, the "loss" is *three thousands of one percent*.

ISSUE 3: Has TECo's pilot self-service wheeling program with Cargill resulted in materially higher cost electric service to TECo's general body of retail and wholesale customers?

Cargill: No. The SSW has produced positive results for Cargill and the ratepayers. But even if the Commission accepts TECo's RIM and TRC analysis, which are flawed, the results still do not yield material negative impact to the ratepayers. The difference between the calculations provided by Mr. Kordecki and Mr. Ashburn are so small as to be lost in rounding and certainly are not material. Further, the "lost revenues" calculated by the RIM test, have *no impact* at all on ratepayers between rate cases. TECo has admitted that any reduction in base rate charges will have no impact on ratepayers absent a base rate increase.

ISSUE 4: Would approval of Cargill's request for permanent self-service wheeling meet the standards prescribed by Commission rule 25-17.0883, FAC, for self-service wheeling programs?

Cargill: Yes. Not only is the program cost-effective under the RIM and TRC tests but it yields conservation and efficiency benefits for ratepayers and to Cargill and comports with the other factors the Commission must evaluate which are listed in Issue 2 above.

ISSUE 5: Has TECO's pilot self-service wheeling program with Cargill adversely affected the adequacy or reliability of electric service to all of TECO's customers? (possible stipulation)

Cargill: No. TECo has admitted that reliability is not at issue in this proceeding. This issue should be stipulated.

ISSUE 6: If TECO's pilot self-service wheeling program with Cargill has resulted in higher cost electric service to TECO's general body of retail and wholesale customers since October 1, 2002, how much should Cargill be required to refund to TECO as a result of the pilot program pursuant to Order No. PSC-02-1451-PCO-EQ?

Cargill: The pilot program has not resulted in higher cost electric service to the general body of ratepayers. Therefore, no refund is required.

ISSUE 7: Should TECO's self-service wheeling program with Cargill be approved as a permanent program?

Cargill: Yes. The program is cost-effective under the appropriate cost-based tests and provides environmental and conservation benefits.

ISSUE 8: Should this docket be closed?

Cargill: Yes. The self-service wheeling program should be permanently approved and this docket should be closed.

F. STIPULATED ISSUES:

None, though Cargill suggests that:

Issue 5 can be stipulated;

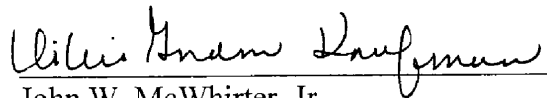
The parties agree to stipulate in the depositions of the TECo employees listed above.

G. PENDING MOTIONS:

None.

H. OTHER MATTERS:

None at this time.



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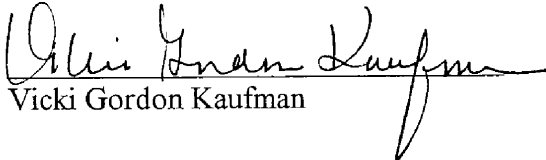
CERTIFICATE OF SERVICE

I HERBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement has been furnished by (*) hand delivery or U.S. Mail on this 1st day of October 2003, to the following:

(*) Rosanne Gervasi
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Tallahassee, Florida 32399

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