

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Cargill
Fertilizer, Inc. for permanent
approval of self-service
wheeling to, from, and between
points within Tampa Electric
Company's service area.

DOCKET NO. 020898-EQ
ORDER NO. PSC-03-1131-PHO-EQ
ISSUED: October 10, 2003

Pursuant to Notice and in accordance with Rule 28-106.209,
Florida Administrative Code, a Prehearing Conference was held on
October 6, 2003, in Tallahassee, Florida, before Commissioner
Rudolph "Rudy" Bradley, as Prehearing Officer.

APPEARANCES:

JOHN W. MCWHIRTER, JR., ESQUIRE, McWhirter, Reeves,
McGlothlin, Davidson, Decker, Kaufman, & Arnold, P.A.,
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On behalf of Cargill Fertilizer, Inc.

HARRY LONG, JR., Assistant General Counsel, Regulatory
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Tallahassee, Florida 32302
On behalf of Tampa Electric Company.

ROSANNE GERVASI, ESQUIRE, and JENNIFER A. RODAN, ESQUIRE;
Florida Public Service Commission, Gerald L. Gunter
Building, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850
On behalf of the Florida Public Service Commission.

DOCUMENT NUMBER DATE

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FPOC-COMMISSION CLERK

PREHEARING ORDER

I. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

II. CASE BACKGROUND

On August 3, 2000, Cargill Fertilizer, Inc. (Cargill) petitioned this Commission for approval of an experimental program pursuant to Section 366.075, Florida Statutes, for the self-service wheeling of electricity between three locations within the service territory of Tampa Electric Company (TECO). On August 7, 2000, TECO responded that it did not object to providing self-service wheeling to Cargill on an experimental basis.

By Order No. PSC-00-1596-TRF-EQ, issued September 6, 2000, and consummated by Order No. PSC-00-1808-CO-EQ, issued October 3, 2000, in Docket No. 001048-EQ, the pilot program was approved on an experimental basis. This Commission ordered that the experiment be initially limited to two years or until TECO's next full rate case, whichever came first, to prevent the experiment from continuing indefinitely, thereby becoming a "permanent" program. TECO was also ordered to provide quarterly reports that identify the costs and revenues associated with this experimental program, and advised that the approval of this experiment could be revisited at any time if there appeared to be an adverse financial or reliability impact to TECO's ratepayers. The docket was closed upon the issuance of the consummating order.

On August 16, 2002, Cargill filed a Petition for Permanent Approval of Self-Service Wheeling Program and Request for Expedited Treatment (Petition), along with a Motion to Continue Self-Service Wheeling of Waste Heat Cogenerated Power During Resolution of Petition for Permanent Approval. This docket was opened to process the Petition. Among other things, Cargill requested that the Petition be processed on an expedited basis due to the impending expiration of the pilot program and that it be afforded a hearing. By Order No. PSC-02-1451-PCO-EQ, issued October 21, 2002, we granted Cargill's request to continue the program on an interim

basis, pending the resolution of its Petition, with the understanding that Cargill will indemnify the total negative impact on ratepayers during the interim period, if any, with a payment to flow through TECO's fuel adjustment clause. We also granted Cargill's request for expedited treatment and scheduled the matter directly for hearing.

Order No. PSC-02-1518-PCO-EQ, issued November 5, 2002, granted TECO's Motion to Hold the Procedural Schedule in Abeyance. The procedural schedule for this docket was temporarily suspended, including those dates pertaining to discovery. The parties were encouraged to proceed with mediation as soon as practicable after the Federal Energy Regulatory Commission (FERC) acted on TECO's tariff filing at the federal level. If the parties were unsuccessful in their attempts to mediate this matter, the discovery process would resume.

After FERC issued its ruling on TECO's federal tariff filing, the parties advised that they had attempted to settle the matter informally, albeit unsuccessfully. On February 24, 2003, the parties filed a Joint Motion to Hold the Procedural Schedule in Abeyance, in which they requested that the procedural schedule in this case be further abated for a reasonable period of time to enable the parties to allow time for further settlement discussions and mediation, if necessary. The Joint Motion was granted by Order No. PSC-03-0276-PCO-EQ, issued February 28, 2003, and a new hearing date was reserved in the event that a hearing would be needed after such settlement efforts were exhausted. A status conference with Commission staff was held on March 14, 2003, to discuss the progress of the case, during which the parties agreed to continue informal settlement discussions before beginning formal mediation.

By Order No. PSC-03-0773-PCO-EQ, issued June 30, 2003, the parties were strongly encouraged to voluntarily avail themselves of the mediation program offered by this Commission in an effort to resolve this case. The parties were required to file a status report within ten days of the issuance date of the order, either jointly or separately, advising this Commission whether they have agreed to mediate this dispute on mutually acceptable terms. The order advised that if the parties were to fail to agree to mediate this dispute within the allotted time frame, this matter would be resolved through the formal hearing process.

Because the parties failed to agree to mediate this dispute on mutually acceptable terms, by Order No. PSC-03-0866-PCO-EQ, issued July 24, 2003, abeyance of the procedural schedule was lifted. The matter was definitively set for hearing on October 22, 2003, all then-outstanding discovery disputes were resolved, and the procedures governing the case were established.

By Order No. PSC-03-0909-PCO-EQ, issued August 7, 2003, the controlling dates for filing testimony set forth in Order No. PSC-03-0866-PCO-EQ were modified to allow Cargill additional time to file testimony after receiving TECO's responses to Cargill's Second Set of Discovery Requests. Order No. PSC-03-0866-PCO-EQ was reaffirmed in all other respects.

On July 30, 2003, TECO filed a Motion for Clarification of Order No. PSC-03-0866-PCO-EQ, requesting clarification that the Order permits all parties to file rebuttal testimony in this case. Alternatively, TECO requested that its testimony not be due until 15 days after Cargill fully answers discovery propounded by TECO with regard to Cargill's direct testimony. In its response to the Motion, Cargill requested a ruling that clearly delineates that the burden of proving adverse impact on the general body of ratepayers rests with TECO. By Order No. PSC-03-0945-PCO-EQ, issued August 20, 2003, TECO was not permitted to file rebuttal testimony. Its alternative request for an extension of time to file its testimony was denied due to time constraints. Moreover, the Order ruled that the burden of proof in this case rests with Cargill. On September 2, 2003, Cargill filed a Motion for Reconsideration of the portion of Order No. PSC-03-0945-PCO-EQ related to the burden of proof ruling. By Order No. PSC-03-1110-FOF-EQ, issued October 6, 2003, Cargill's Motion for Reconsideration was denied.

Opening statements, if any, shall not exceed ten minutes per party.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes. This hearing will be governed by said Chapter and Chapters 25-17.0883, 25-22, and 28-106, Florida Administrative Code.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093, Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

1. Any party intending to utilize confidential documents at hearing for which no ruling has been made, must be prepared to present their justifications at hearing, so that a ruling can be made at hearing.

2. In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- a) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.

- b) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- c) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- d) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- e) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Commission Clerk and Administrative Service's confidential files.

V. POST-HEARING PROCEDURES

If the Commission does not make a bench decision at the hearing, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer

than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages, and shall be filed at the same time.

VI. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VII. ORDER OF WITNESSES

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Ozzie Morris	CARGILL	2, 7
Jack Houston	CARGILL	2, 7
Roger F. Fernandez	CARGILL	2, 3, 4, 6, 7
Gerard J. Kordecki	CARGILL	1, 2, 3, 4, 6, 7
William R. Ashburn	TECO	1, 2, 3, 4, 5, 6, 7, 8
<u>Rebuttal</u>		
Gerard J. Kordecki	CARGILL	1, 2, 3, 4, 7
Roger F. Fernandez	CARGILL	2, 3, 4, 7

VIII. BASIC POSITIONS

CARGILL: 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.

TECO: For the reasons discussed in more detail below, Tampa Electric Company urges the Commission to deny Cargill's request for continued self-service wheeling. By any reasonable measure it is clear that Cargill self-service wheeling is not cost-effective from a ratepayer perspective. The purpose of the self-service wheeling experiment authorized by the Commission in Order No. PSC-00-1596-TRF-EQ was to achieve a better understanding of the operational requirements associated with self-service wheeling and to ascertain the costs and benefits associated with the provision of that service. Data from the experiment established that the two-year experiment resulted in a net cost to ratepayers. The RIM and TRC analysis presented as part of Mr. Ashburn's testimony confirm that continuation of self-service

wheeling in the manner proposed by Cargill will continue to be non-cost effective in all but the most wildly unrealistic scenarios. In attempting to justify its request for permanent continuation of self-service wheeling, Cargill has attempted to present the pre-existing benefits associated with its existing cogeneration as incremental benefits that will accrue as the result of self-service wheeling. However, the unalterable facts are that the availability of self-service wheeling did not expand the amount of Cargill cogeneration capacity or energy that was already available to the grid during the pilot program and there is no evidence to suggest that any expansion will occur in the future as the result of continued self-service wheeling. Therefore, there can be no reasonable expectation of incremental benefits due to the continuation of self-service wheeling. Furthermore, the misalignment between Cargill's incentives and ratepayer interests inherent in Cargill's request greatly diminishes the probability that economic benefits would accrue to the general body of ratepayers as the result of a continuation of self-service wheeling. Self-service wheeling is beneficial to the general body of ratepayers only when the avoided marginal costs and transmission revenue resulting from self-service wheeling exceed Tampa Electric's retail energy charges. During such periods when no threat of interruption exists, Cargill is least incented to self-service wheel since it would be no better off than it would if it just sold its excess energy to Tampa Electric at the as-available price, thereby avoiding wheeling charges. Cargill's greatest incentive to self-service wheel is to avoid possible interruption or the cost of optional provision power. However, self-service wheeling during such periods would not result in fuel savings and the resulting significant benefit to other ratepayers. Therefore, it is not likely that Cargill's self-service wheeling incentives will ever be aligned with ratepayer interests. This misalignment of Cargill incentives and ratepayer interests is reflected in the net negative ratepayer impact associated with the pilot program and the low benefit-to-cost ratios projected for continued Cargill self-service wheeling.

Based on the results of the quarterly reports, the RIM analyses and the TRC test, Cargill's self-service wheeling has resulted in increased cost and will continue to increase the cost of service for other ratepayers should it continue.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

IX. ISSUES AND POSITIONS

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

POSITIONS

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. (KORDECKI)

TECO: In addition to evaluating the information contained in the Quarterly Reports submitted by Tampa Electric in compliance with Order No. PSC-00-1596-TRF-EQ, the Commission should consider the results of the Ratepayer Impact Measure ("RIM") and Total Resource ("TRC") tests

submitted by Tampa Electric. As a general matter, only those programs with a benefit-to-cost ratio ("BCR") that exceeds 1.2 are approved by the Commission. This 1.2 BCR level is used as a benchmark for approval to increase the probability that projected net benefits will accrue even when the risk of forecast error is taken into account. This same standard should be applied in this proceeding in evaluating the cost-effectiveness of Cargill self-service wheeling. (ASHBURN)

STAFF: No position pending further development of the record.

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

POSITIONS

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*. (MORRIS, HOUSTON, KORDECKI, FERNANDEZ)

TECO: In Order No. 24745, the Commission determined that in addition to the RIM and TRC analysis used to evaluate the cost-effectiveness of other conservation programs, the evaluation of a proposed self-service wheeling program should include consideration of the type of fuel used to produce the power to be wheeled, the fuel efficiency of the generator used to produce the power to be wheeled, the likelihood of a cogenerator building its own transmission line and the materiality of any lost revenues indicated by the RIM test. However, fuel type and generator efficiency are irrelevant considerations in this proceeding since no additional cogeneration capacity or energy will result from continued Cargill self-service wheeling. Furthermore, there is no evidence to suggest that Cargill will construct its own transmission line linking its Riverview and Bartow facilities if its request for continued self-service wheeling is denied. In fact, there is reason to believe that construction of such a line would be impracticable from an environmental and an economic perspective. To the extent that the Commission chooses to evaluate the materiality of lost revenues indicated by the RIM analysis presented in this proceeding, it should apply the same standard of materiality that it routinely employs in rate proceedings in determining which costs are sufficiently material, from a ratepayer perspective, to warrant disallowance or adjustment. (ASHBURN)

STAFF: No position pending further development of the record.

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?**

POSITIONS

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. (KORDECKI, FERNANDEZ)

TECO: Yes. Based on the Quarterly Reports filed by Tampa Electric pursuant to Order No. PSC-00-1596-TRF-EQ, self-service wheeling during the pilot program resulted in net costs in the amount set forth in Exhibit No. ___ (WRA-1), Document No. 6 of Mr. William Ashburn's prepared testimony. The Commission should view this level of cost as material with respect to Tampa Electric's general body of retail and wholesale ratepayers. (ASHBURN)

STAFF: No position pending further development of the record.

ISSUE 4: **Would approval of Cargill's request for permanent self-service wheeling be cost-effective from a ratepayer perspective?**

POSITIONS

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. (KORDECKI, FERNANDEZ)

TECO: No. The base case RIM analysis prepared by Tampa Electric resulted in a BCR of only .98. The TRC analysis presented by Tampa Electric resulted in a BCR of .97. Only three of the 27 cases in the RIM analysis matrix presented by Tampa Electric in this proceeding produced BCRs near 1.2 or better. 14 of the 27 are below 1.0, 20 of the 27 are below 1.1. None of the three cases above 1.2 represent likely outcomes given the improbable nature

of the underlying assumptions for those cases. Absent some certainty as to how often and when Cargill will self-service wheel, or some mechanism to assure that ratepayers are not harmed, the expected BCR for continued Cargill self-service wheeling is materially lower than the 1.2 BCR threshold of acceptability generally applicable to conservation programs. (ASHBURN)

STAFF: No position pending further development of the record.

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?

POSITIONS

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

TECO: No, not during the pilot program. However, it is not clear what impact future self-service wheeling might have with regard to reliability or how the nature or scope of Cargill's future demand for self-service wheeling might change. Cargill has presented no evidence in this proceeding addressing future reliability impacts of continued Cargill self-service wheeling. (ASHBURN)

STAFF: No position pending further development of the record.

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?

POSITIONS

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

TECO: Since October of 2002, Cargill has not made significant use of self-service wheeling due, in no small part, to the requirement established in Order No. PSC-02-1451-PCO-EQ that Cargill indemnify ratepayers for negative impacts of additional self-service wheeling between October 2002 and the date of final Commission action of Cargill's request for permanent self-service wheeling. Even so, from October 1, 2002 through the end of June 2003, Cargill self-service wheeling has resulted in net costs to ratepayers in the amount provided in Exhibit No. ___ (WRA-1), Document No. 12 of Mr. William Ashburn's prepared testimony. The final amount cannot be calculated until the Commission orders that interim self-service wheeling end. (ASHBURN)

STAFF: No position pending further development of the record.

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

POSITIONS

CARGILL: Yes. The program is cost-effective under the appropriate cost-based tests and provides environmental and conservation benefits. (MORRIS, HOUSTON, KORDECKI, FERNANDEZ)

TECO: No. The relief requested by Cargill in this proceeding is no different than the relief requested by others and denied in previous Commission proceedings. Both on an historical basis, given the results of the self-service wheeling pilot program and on a projected basis, given the results of the RIM analysis presented in Mr. Ashburn's testimony, granting the relief requested by Cargill in this proceeding is likely to result in a net

cost to Tampa Electric's general body of ratepayers. In this case, granting Cargill's request for permanent self-service wheeling will not result in a net increase in cogeneration capacity, which might create ratepayer benefits to offset the costs associated with self-service wheeling. In the absence of adequately offsetting benefits to ratepayers, there is no reasonable basis for the Commission to deviate from the principles established in previous proceedings addressing self-service wheeling. Without a mechanism to assure that Cargill wheeling occurs at times when ratepayers are benefitted or are not harmed, there are too many uncertainties to justify making a commitment to Cargill for the long-term arrangement that it requests. (ASHBURN)

STAFF: No position pending further development of the record.

ISSUE 8: Should this docket be closed?

POSITIONS

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

TECO: Yes. (ASHBURN)

STAFF: Yes, this docket should be closed upon the issuance of the final order.

X. EXHIBIT LIST

<u>Witness</u>	<u>Proffered</u> <u>By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Gerard J. Kordecki	CARGILL	_____ (GJK-1)	Impact of Cargill Self-Service Wheeling Pilot Program (2000- 2002). Calculation Without Non- Recurring Costs and Benefits.
	"	_____ (GJK-2)	Impact of Cargill Self-Service Wheeling Pilot Program (2000- 2002). Calculation Without Non- Recurring Costs and Benefits with Customer Savings Added.
	"	_____ (GJK-3)	Impact of Cargill Self-Service Wheeling Pilot Program (2000- 2002). Calculation Without Non- Recurring Costs and Benefits with Customer Savings Added, Current Data

<u>Witness</u>	<u>Proffered</u> <u>By</u>	<u>I.D. No.</u>	<u>Description</u>
	"	_____ (GJK-4)	Impact of Cargill Self-Service Wheeling Pilot Program (2000-2002). Savings to Customers During Pilot.
	"	_____ (GJK-5)	TRC Test.
Roger F. Fernandez	"	_____ (RFF-1)	Map of the location of Cargill's plants that use self-service wheeling.
	"	_____ (RFF-2)	<i>An Assessment of Renewable Electric Generating Technologies for Florida</i> , Florida Department of Environmental Protection and the Florida Public Service Commission, January 2003.
	"	_____ (RFF-3)	TECO Ten Year Site Plan Review Workshop Handout
	"	_____ (RFF-4)	Hourly Self-Service Wheeling Chart for April and October 2002.
	"	_____ (RFF-5)	<i>TECO's Powerful Business</i> , Issue 4.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
	"	_____ (Revised RFF-6)	Craig Pittman, <i>Feds call TECO Deal Inadequate</i> , St. Petersburg Times, December 9, 1999.
	"	_____ (RFF-7)	Excerpt of Schedule E3 to the testimony of J. Denise Jordan filed in Docket 030001-EI, August 13, 2003.
	"	_____ (RFF-8)	July 2003 issue of Power Engineering Magazine at page 23.
*Denise J. Jordan	"	_____	Deposition and Deposition Exhibits of Denise J. Jordan.
*Howard Bryant	"	_____	Deposition and Deposition Exhibits of Howard Bryant.
*Phil L. Barringer	"	_____	Deposition and Deposition Exhibits of Phil L. Barringer.
*Ron Donahey	"	_____	Deposition and Deposition Exhibits of Ron Donahey.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Charles Black	"	_____	Deposition and Deposition Exhibits of Charles Black.
*William Ashburn	"	_____	Deposition and Deposition Exhibits of William Ashburn.
William R. Ashburn	TECO	_____ (WRA-1)	Program Issues and Impact (13 Documents).
*Roger F. Fernandez	"	_____	Deposition and deposition exhibits of Roger F. Fernandez.
*Gerard J. Kordecki	"	_____	Deposition and deposition exhibits of Gerard J. Kordecki.

Rebuttal

Gerard J. Kordecki	Cargill	_____ (GJK-6)	Calculation of Make-Whole Amount (October 2002 through June 2003).
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* The parties have agreed that the transcripts of Messrs. Bryant, Barringer, Donahey, Black and Ms. Jordan's depositions taken in this docket may be admitted into the record in lieu of requiring their appearance at the hearing. The parties have further agreed that the transcripts of Messrs. Ashburn, Fernandez and Kordecki's depositions may also be admitted into the record.

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

XI. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XII. PENDING MOTIONS

There are no pending motions at this time.

XIII. OTHER PENDING MATTERS

There are no pending matters at this time.

IX. PENDING CONFIDENTIALITY MATTERS

TECO's Requests for Confidential Classification filed August 8, 2003, August 15, 2003, September 11, 2003, and September 19, 2003, are pending at this time.

X. RULINGS

TECO's request for the parties to file reply briefs in response to the post-hearing briefs to be filed in this docket was denied.

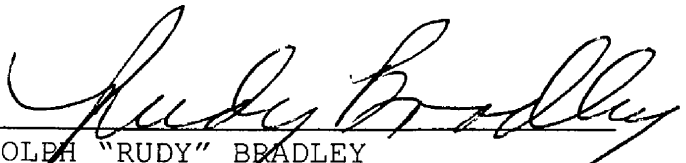
TECO's request to depose Cargill's rebuttal witnesses was granted.

Based on the foregoing, it is

ORDERED by Commissioner Rudolph "Rudy" Bradley, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

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By ORDER of Commissioner Rudolph "Rudy" Bradley, as Prehearing Officer, this 10th day of October, 2003.



RUDOLPH "RUDY" BRADLEY
Commissioner and Prehearing Officer

(S E A L)

RG

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed

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with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.