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May 22, 1997

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: Determination of appropriate cost allocation and regulatory treatment of total revenues associated with wholesale sales to Florida Municipal Power Agency and City of Lakeland by Tampa Electric Company;
FPSC Docket No. 970171-EU

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Response and Objection to Staff's Discovery.

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
James D. Beasley

- ACK
- AFA 2
- APP _____
- CAF _____
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JDB/pp
Enclosures

cc: All Parties of Record (w/enc.)

RECEIVED & FILED
[Signature]
EPSC BUREAU OF RECORDS

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of appropriate)	
cost allocation and regulatory)	DOCKET NO. 970171-EU
treatment of total revenues associated)	FILED: May 22, 1997
with wholesale sales to Florida)	
Municipal Power Agency and City of)	
Lakeland by Tampa Electric Company.)	

**TAMPA ELECTRIC COMPANY'S RESPONSE
AND OBJECTION TO STAFF'S DISCOVERY**

Tampa Electric Company ("Tampa Electric" or "the company") objects as follows to certain discovery requests filed and served by the Commission's Staff on May 12, 1997:

1. On May 12, 1997 Staff filed and served their Amended First Set of Interrogatories, their Second Set of Interrogatories and their Second Request for Production of Documents to Tampa Electric. Each of these documents states that responses shall be served either by next day express or hand delivery within 15 days of receipt of the discovery requests. Such a requirement is inconsistent with the Florida Rules of Civil Procedure. Tampa Electric will comply with the requirements of the procedural rules, but objects to Staff's unilateral attempt to modify those requirements.

2. Tampa Electric voluntarily complied with the 15 day response period requested in Staff's first set of interrogatories and requests for production of documents. Tampa Electric complied with that response time in a spirit of cooperation and in an effort to facilitate Staff's understanding of Tampa Electric's proposal. However, Staff's current request involves 24 new interrogatories

and 5 new requests for production of documents, all due on the first business day following the due date for rebuttal testimony. Furthermore, Staff has scheduled an extensive deposition during this period of time. The preparation of these interrogatories in such a restricted time frame would hinder Tampa Electric's ability to adequately prepare and refine its rebuttal testimony. For these reasons, Tampa Electric needs additional time beyond the 15 days to adequately respond to Staff's second round of discovery requests and is provided such time under the Florida Rules of Civil Procedure.

3. Notwithstanding the above objection, Tampa Electric is working diligently to answer the Staff's second round of interrogatories and production of documents requests and, with the exception of Interrogatory No. 5, will provide its answers to Staff at the earliest possible date.

4. Tampa Electric objects to Interrogatory No. 5 contained in Staff's Amended First Set of Interrogatories (Nos. 1-5) asking the company to provide the monthly incremental fuel costs separated by f.o.b. mine price, transportation cost and net profit to affiliates of Tampa Electric for the FMPA and Lakeland sales from the inception of the sales through February 28, 1997. In Order No. 20298 issued in Docket No. 870001-EI-A on January 8, 1988 the Commission approved the substitution of a market based pricing methodology in place of the cost based pricing methodology previously utilized for determining the reasonableness of the prices for goods and services provided by Tampa Electric's coal and


coal transportation affiliates. In that order the Commission recognized the pitfalls of a cost based analysis, stating that it had been administratively costly, caused unnecessary regulatory tension, and left the lingering suspicion that it has resulted in higher costs to a utility's customers.

5. In switching to a market based analysis the Commission concluded that a cost of service analysis is superfluous when a competitive market exists. This rendered data regarding cost of service, including profits of the affiliates, irrelevant for regulatory purposes. Consequently Staff's request for monthly incremental fuel costs separated by f.o.b. mine price, transportation cost and net profit to affiliates is irrelevant and not likely to lead to the discovery of admissible evidence. The reasonableness of Tampa Electric Company's payments to coal mining and coal transportation affiliates is separately monitored and approved every six months in the Commission's on-going Fuel and Purchased Power Cost Recovery docket, Docket No. 970001-EI. It would be inappropriate and unduly burdensome to duplicate that effort in this docket.

WHEREFORE, Tampa Electric Company submits the foregoing as its objections to Staff's May 12, 1997 discovery requests.

DATED this 22nd day of May, 1997.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Objections to Staff's Discovery, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand deliver (*) on this 22nd day of May, 1997 to the following:

Ms. Leslie Paugh*
Staff Counsel
Division of Legal Services
Florida Public Service
Commission
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