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July 7, 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 each of the following:

1. Tampa Electric Company's Brief. - 06820-97
2. Tampa Electric Company's Post-Hearing Statement of Issues and Positions. _____ 06821-97


Also enclosed is 3.5" diskette containing the above documents which were generated on a DOS computer in WordPerfect 5.1 format.

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

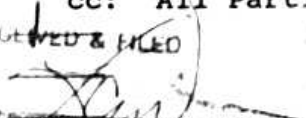
APP _____ Thank you for your assistance in connection with this matter.
CIE _____
CIV _____
C _____
E _____

Sincerely,


James D. Beasley


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JDB/pp
Enclosures

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

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

FILED

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In 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.)

DOCKET NO. 970171-EU
FILED: July 7, 1997

**TAMPA ELECTRIC COMPANY'S
POST-HEARING STATEMENT OF ISSUES AND POSITIONS**

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Fla. Admin. Code Rule 25-22.056(3)(A), files this its Post-Hearing Statement of Issues and Positions:

ISSUE 1: Does the off-system sale agreement to the Florida Municipal Power Agency provide net benefits to Tampa Electric Company's general body of rate payers?

TECO: *Yes. The net benefits from the FMPA sale are projected to be \$9.0 million Net Present Value. The total revenue from this sale are projected to be \$77.2 million Net Present Value and the total costs associated with this sale are projected to be \$68.2 million Net Present Value.*

ISSUE 2: How should the non-fuel revenues and costs associated with Tampa Electric Company's wholesale schedule D sales to the Florida Municipal Power Agency be treated for retail regulatory purposes?

TECO: *The Commission should approve the treatment of fuel and non-fuel revenues and costs as proposed by Tampa Electric and described in detail in the testimony of Mr. Ramil and Ms. Branick. Tampa Electric's proposed treatment guarantees significant benefits to retail customers. The other parties' suggested treatment would deny those

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benefits.*

Tampa Electric proposes the following regulatory treatment for this sale:

- These sales should not be separated and should remain in the retail jurisdiction.
- The Fuel and Purchased Power Cost Recovery Clause should be credited with an amount equal to system incremental fuel cost, eliminating any fuel clause impact associated with making this sale.
- The Environmental Cost Recovery Clause should be credited with an amount equal to incremental costs for SO₂ allowances.
- Revenues associated with variable operating and maintenance costs should be credited above the line to operating revenues.
- Transmission revenues should be credited to the company's operating revenues above the line.
- The remaining sale proceeds should be divided 50/50, with 50% credited through the Fuel Clause and 50% credited to operating revenues. (\$1.5 million guaranteed, regardless of actual contract revenues.)

ISSUE 3: How should the fuel revenues and costs associated with Tampa Electric Company's wholesale schedule D sales to the Florida Municipal Power Agency be treated for retail regulatory purposes?

TECO: See Tampa Electric's position on Issue 2.

ISSUE 4: Does the off-system sale agreement to the City of Lakeland provide net benefits to Tampa Electric Company's general body of rate payers?

TECO: *Yes. The net benefits from the sale to Lakeland are projected to be \$0.9 million net present value. Total revenues from this sale are projected to be \$4.2 million net present value and the total costs associated with this sale are projected to be \$3.3 million net present value.*

ISSUE 5: How should the non-fuel revenues and costs associated with Tampa Electric Company's wholesale schedule D sales to the City of Lakeland be treated for retail regulatory purposes?

TECO: *The Commission should approve the treatment of fuel and non-fuel revenues and costs as proposed by Tampa Electric and described in detail in the testimony of Mr. Ramil and Ms. Branick. Tampa Electric's proposed treatment guarantees significant benefits to retail customers. The other parties' suggested treatment would deny those benefits.*

Tampa Electric proposes the following regulatory treatment for this sale:

- These sales should not be separated and should remain in the retail jurisdiction.
- The Fuel and Purchased Power Cost Recovery Clause should be credited with an amount equal to system incremental fuel cost, eliminating any fuel clause

impact associated with making this sale.

- The Environmental Cost Recovery Clause should be credited with an amount equal to incremental costs for SO₂ allowances.
- Revenues associated with variable operating and maintenance costs should be credited above the line to operating revenues.
- Transmission revenues should be credited to the company's operating revenues above the line.
- The remaining sale proceeds should be divided 50/50, with 50% credited through the Fuel Clause and 50% credited to operating revenues. (\$.5 million credit guaranteed, regardless of actual contract revenues.)

ISSUE 6: How should the fuel revenues and costs associated with Tampa Electric Company's wholesale schedule D sales to the City of Lakeland be treated for retail regulatory purposes?

TECO: See Tampa Electric's position on Issue 5.

ISSUE 7: How should the transmission revenues and costs associated with Tampa Electric Company's wholesale sales to the Florida Municipal Power Agency and the City of Lakeland be treated for retail regulatory purposes?

TECO: *These transmission revenues should be credited to Tampa Electric's operating revenues, consistent with the Commission's traditional practice of crediting transmission revenues against Tampa Electric's retail cost of service during base rate cases. These revenues will offset transmission revenue requirements in future

rate proceedings.*

The FERC, under Order 888, has required utilities such as Tampa Electric to charge themselves for transmission just as they would charge a third party user of the system. The Commission has traditionally treated third party transmission revenue as a credit to retail revenue requirements in the next rate proceeding as Tampa Electric has proposed in this instance. Under these circumstances, the Commission's traditional treatment of third party transmission revenue should apply.

ISSUE 8: Will the Commission's treatment of the City of Lakeland and Florida Municipal Power Agency wholesale sales have an impact on Tampa Electric Company's refund obligation under the stipulation in Docket No. 950379-EI, Order No. PSC 96-0670-S-EI, approved by the Commission?

TECO: *No. As per the above referenced Order, Tampa Electric's commitment to refunds to the retail ratepayers remains unchanged under this proposal. In fact, Commission approval of the regulatory treatment proposed by Tampa Electric for these sales may produce greater refunds than would otherwise occur.*

ISSUE 9: Would the Commission exceed its jurisdiction if it were to allow Tampa Electric Company to earn a return through retail rates for its wholesale sales to the Florida Municipal Power Agency and to the City of Lakeland?

TECO: *OPC's assertion that this Commission lacks authority to adopt Tampa Electric's proposed regulatory treatment of the FMPA and Lakeland sales on the grounds of federal preemption has no basis in law. The cases cited by OPC in

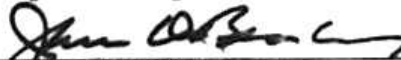
the prehearing statement in support of its position on this issue are inapposite.*

In Public Utilities Commission of Rhode Island V. Attleboro Steam & Electric Co., 273 U.S. 83 (1927), the Court held that no individual state may regulate a wholesale sale of electric power in interstate commerce. It was this decision which led the Congress to enact the Federal Power Act in order to prevent such transactions from being left unregulated. In Federal Power Commission V. Southern California Edison Co., 376 U.S. 205 (1964), the Court clarified the extent of FERC jurisdiction under the Federal Power Act over wholesale power sales by further defining what constituted "interstate Commerce" within the meaning of the Federal Power Act. These cases do not suggest that this Commission lacks the power to determine how the FMPA and Lakeland sales should be treated for retail ratemaking purposes.

WHEREFORE, Tampa Electric submits the foregoing as its Post-Hearing Statement of Issues and Positions.

DATED this 7th day of July, 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 Post-Hearing Statement of Issues and Positions, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 7th day of July, 1997 to the following:

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