

OR-3114

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October 30, 1997

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OCT 30 1997

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

FPSC - Records/Reporting

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 Motion for Expedited Clarification or Reconsideration of Order No. PSC-97-1273-FOF-EU.

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

- ACK
- AFA 3
- APP _____
- CAF _____
- CMU _____
- CTP _____
- ELW/pp _____
- ENCLOSURES _____
- FPSC Board 1
- LES 1
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- RE _____
- SC 1
- WE _____
- OTH _____

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

RECEIVED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
11189 OCT 30 97
FPSC-RECORDS/REPORTING

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: October 30, 1997

**TAMPA ELECTRIC COMPANY'S MOTION FOR EXPEDITED CLARIFICATION
OR RECONSIDERATION OF ORDER NO. PSC-97-1273-FOF-EU**

Tampa Electric Company ("Tampa Electric" or "the company") moves the Commission for clarification or reconsideration on an expedited basis of Order No. PSC-97-1273-FOF-EU ("Order No. 97-1273") issued October 15, 1997 in the above docket, and as grounds therefor, says:

1. This case involves the appropriate regulatory treatment of two wholesale sales. The Commission in Order 97-1273 found that the Stipulation previously entered into by the parties and approved by the Commission required that the sales be separated "in accordance with the terms of the Stipulation. . .".

2. Order No. 97-1273, as written, leaves unclear which portions of the contracts are to be separated. The order, at page 7 states:

We find that the FMPA and Lakeland sales fall within the category of sales contemplated by the Stipulation, and the capital and O&M costs associated with these sales shall be separated from the retail jurisdiction at average embedded cost.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

The order goes on to observe:

This treatment is consistent with the procedure approved in Docket No. 920324-EI.

3. What this order leaves unclear is the appropriate treatment of the supplemental portion of these sales as contrasted with the base portion of the sales.

4. Tampa Electric fully understands and accepts the Commission's decision with respect to the treatment for the base portion of the contracts since the base portion of each sale represents a firm sale of greater than one year. However, each of the contracts has a supplemental service option which is separate and distinct from the base portion of these contracts. The supplemental service provision in each contract provides for short-term sales of power of less than a year. These contracts have, in fact, been used to make short-term sales -- that is, day-to-day, week-to-week or month-to-month sales all of which are less than a year in duration.

5. Under the Lakeland agreement Tampa Electric may provide Lakeland supplemental service on a day-to-day basis when Tampa Electric has capacity available. Tampa Electric has sold supplemental on a daily basis for a few days since the inception of the contract. Supplemental service under the FMPA agreement is an option under which FMPA, upon mutual agreement with Tampa Electric, will be able to separately purchase capacity from Tampa Electric for short periods of time when the base contracted capacity would not cover their needs. Tampa Electric agreed to supply only 20 megawatts of supplemental capacity during the months of January,

February, and 35 megawatts during the months of June, July, August and September of 1997 (Tr. 309-310). The duration of these supplemental sales do not come under the Commission's definition of longer term wholesale sales in Order No. 97-0262 discussed below.

6. Office of Public Counsel's ("OPC") brief, at page 8, clearly sets out OPC's view that the Stipulation only requires that the firm portion of the sales be fully separated and advocated a 100% flow back of the supplemental portion of the sales. OPC's position on Issues 2 and 5 with respect to the appropriate regulatory treatment of the non-fuel revenues and costs of these sales is as follows:

The Stipulation requires that the FMPA and Lakeland sales be separated in the same manner as was used in the company's last rate case. The firm portion of these long-term Schedule D sales must be fully separated, and 100% of the non-fuel revenues for the supplemental portion must be flowed back. (OPC Brief, pg. 8, Emphasis Supplied)

7. OPC's position that a different regulatory treatment for the supplemental portion of the contracts was based on the Commission's prior interpretation of the Second Stipulation in Docket No. 960409-EI which, in turn, is dependent on the separation procedures adopted in the company's last rate case. OPC's brief in this docket explains:

The Commission approved the Second Stipulation, as amended, without modification on October 24, 1996, in Order No. 96-1300. In a summary of its provisions, the Commission noted at page 4 that the Second Stipulation "continues to use the separation procedure adopted in the company's last rate case to separate any current and future wholesale sales from the retail jurisdiction." In the

last rate case, all long-term firm sales were separated. All other wholesale sales were subject to a flow back in the fuel docket of 100% of non-fuel revenues. (OPC Brief, pg. 11)

Since the supplemental sales to FMPA and Lakeland are sales of less than a year, the separation procedure adopted in the company's 1992 rate case and reaffirmed in the Second Stipulation requires that they be flowed back rather than separated.

8. Having made the decision that the Stipulation applies to these sales, the Commission should clearly recognize the complete application of the Stipulation which requires that the non-fuel revenues from the supplemental portion must be flowed back.

9. Recognizing a 100% flow back of the non-fuel revenues for the supplemental portion of the sales is also consistent with Order No. 97-0262 issued March 11, 1997 in Docket No. 970001-EI and cited on page 7 of Order 97-1273. That order clearly differentiated the preferred treatment for wholesale sales with a term of less than one year saying:

Historically, the Commission has treated sales that are non-firm or less than one year in duration as non-separated sales. (Emphasis supplied)

The Commission also observed in that order that it has traditionally allowed a sale to be separated if it is a long-term firm sale, greater than one year, that commits production capacity to a wholesale customer.

10. Accordingly, Tampa Electric seeks Commission clarification and/or reconsideration of Order No. 97-0262 in order to make clear that it intends for Tampa Electric to flow through

the fuel adjustment clause 100% of the revenues and costs associated with the supplemental portion of the company's wholesale sales to FMPA and Lakeland.

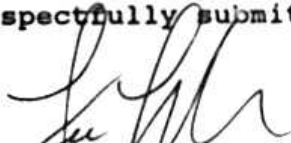
Request for Expedited Disposition

11. Tampa Electric requests an expedited disposition of this motion in order to enable the company and its customers to go forth with certainty. It is especially critical that this matter be addressed and decided before year end as the company has certain deferred revenue and financial reporting requirements it must meet before year-end. No additional evidence need be presented and a prompt disposition of this motion based on the existing record will present no undue burden on the Commission or any affected party.

WHEREFORE, Tampa Electric Company submits the foregoing as its Petition for Clarification or Reconsideration of Order No. 97-1273.

DATED this 30th day of October, 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 Motion for Expedited Clarification, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand deliver (*) on this 30th day of October, 1997 to the following:

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ATTORNEY

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