

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

DATE: AUGUST 11, 2000

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF SAFETY AND ELECTRIC RELIABILITY (HAFF, HARLOW, BOHRMANN, BREMAN) *Tb*
DIVISION OF LEGAL SERVICES (HART) *RVE JDJ WBM*

RE: DOCKET NO. 001048-EQ - PETITION BY CARGILL FERTILIZER, INC. TO ENGAGE IN A PILOT PROJECT FOR SELF SERVICE WHEELING TO, FROM, AND BETWEEN POINTS WITHIN TAMPA ELECTRIC COMPANY'S SERVICE AREA.

AGENDA: AUGUST 15, 2000 - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\SER\WP\001048.RCM

CASE BACKGROUND

On August 3, 2000, Cargill Fertilizer, Inc. (Cargill) petitioned the 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). See Attachment 1. On August 7, 2000, TECO responded that it did not object to providing self-service wheeling to Cargill on an experimental basis. See Attachment 2.

In its petition, Cargill requested that its request be considered by the Commission on an expedited basis. On August 8, 2000, Counsel for Cargill, John W. McWhirter, wrote Chairman Deason requesting that this matter be placed on the August 15 agenda due to recent events that placed a hardship upon Cargill. See Attachment 3. On August 10, 2000, representatives from Cargill,

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FPSC-RECORDS/REPORTING

DOCKET NO. 001048-EQ
DATE: August 11, 2000

TECO, and the Office of Public Counsel met with Commission staff to clarify the request.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve a petition by Cargill Fertilizer, Inc. for approval of a pilot program for self-service wheeling within Tampa Electric Company's (TECO) service territory?

RECOMMENDATION: Yes. The Commission should approve Cargill's request on an experimental basis for a period of two years or until TECO's next full revenue requirements rate case, whichever comes first. TECO should be required to provide the Commission staff with quarterly reports that identify the costs and revenues associated with this experimental program. The Commission may revisit the approval of this experiment at any time if there appears to be an adverse financial or reliability impact to TECO's ratepayers.

STAFF ANALYSIS: Cargill operates two fertilizer plants and one phosphate mining operation which are interconnected with TECO's transmission grid. Each fertilizer plant has cogeneration facilities on site with a combined generating capacity of approximately 100 MW. In the petition, the fertilizer plants and mining location are referred to by their meter designations which are "New Millpoint", "Ridgewood Master", and "Hookers Prairie Mine", respectively. The Ridgewood Master facility is directly interconnected to the Hookers Prairie Mine via a 69 kV transmission line owned and operated by Cargill. After serving all internal loads and meeting the requirements of a firm power sales agreement with Florida Power Corporation (15 MW), Cargill normally has excess power to deliver to TECO or other utilities on the wholesale market. The New Millpoint plant receives stand-by interruptible service from TECO under the SBIT-3 tariff. The Ridgewood Master facility receives stand-by interruptible service from TECO under the SBIT-1 tariff. The Hookers Prairie Mine receives interruptible service pursuant to TECO's IST-1 tariff.

In its petition, Cargill requests that TECO provide self-service wheeling service to Cargill to, from, and between these three locations as a pilot project approved by the Commission. TECO has no objection to providing such service on an experimental basis under its Open Access Transmission Tariff, filed at the Federal Energy Regulatory Commission (FERC), and under Sections 366.051 and 366.075, Florida Statutes. Staff notes that this experiment of limited scope and duration is unbundled transmission service provided to a single retail customer. Pursuant to its Order 888, the FERC asserts that it has jurisdiction to establish the rate for this type of service. TECO agrees to provide such

service until its next full revenue requirements rate case. Both Cargill and TECO agree that the provisions of self-service wheeling on an experimental basis will allow both parties to better understand the costs and benefits of the provision of self-service wheeling to TECO's customers.

Section 366.051, Florida Statutes, authorizes the Commission to approve self-service wheeling and states:

...Public utilities shall provide transmission or distribution service to enable a retail customer to transmit electrical power generated by the customer at one location to the customer's facilities at another location, if the commission finds that the provision of this service, and the charges, terms, and other conditions associated with the provision of this service, are not likely to result in higher cost electric service to the utility's general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers...

Section 366.075(1), Florida Statutes, authorizes experimental and transitional rates to encourage energy conservation or efficiency and states:

The commission is authorized to approve rates on an experimental or transitional basis for any public utility to encourage energy conservation or to encourage efficiency. The application of such rates may be for limited geographic areas and for a limited period.

Cargill is requesting expedited Commission action on its petition. Just this week, Cargill called on TECO for backup power to replace self-service generation that went off-line at the New Millpoint plant. TECO did not have sufficient capacity available on its system so Cargill was faced with purchasing buy-through power at a market price that is much higher than the SBIT-3 tariff rate. The only other option to Cargill would be to reduce internal power consumption at the New Millpoint site. The requested relief would allow Cargill to self-service wheel additional power from the Ridgewood Master site to the New Millpoint site.

Due to the urgency of Cargill's petition, there has not been sufficient time for staff to analyze the costs and benefits of self-service wheeling to both Cargill and TECO's ratepayers. However, staff believes that Cargill's request for self-service wheeling, on an experimental basis, may benefit both Cargill and

TECO. Cargill will be able to manage its own resources more effectively. TECO may have additional energy to sell into the wholesale market with the revenues currently credited to TECO's ratepayers through the fuel adjustment clause. Further, wholesale power price volatility may be mitigated in part if TECO has additional generating capacity to sell when an Regional Transmission Organization is formed. If TECO were to receive approval for an incentive as requested in Docket 991779-EI, then TECO's stockholders would benefit from the experiment as well. For these reasons, staff recommends that Cargill's request for self-service wheeling to, from, and between the locations described in this recommendation be approved by the Commission on an experimental basis. In addition, staff would recommend that TECO be required to provide staff with quarterly reports identifying the incremental costs and benefits of this experiment and that the experiment be initially limited to two years or until TECO's next full rate case, whichever comes first, to prevent the experiment from continuing indefinitely thereby becoming a "permanent" program. The Commission may revisit the approval of this experiment at any time if there appears to be an adverse financial or reliability impact to TECO's retail ratepayers.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.

MCWHIRTER REEVES
ATTORNEYS AT LAW

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TALLAHASSEE

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August 3, 2000

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

Re: Application of Cargill Fertilizer, Inc. to engage in a pilot project for self service wheeling to, from and between points within Tampa Electric Company's service area, Docket No. 001048-EQ

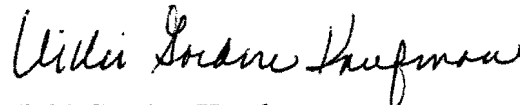
Dear Ms. Bayo:

On behalf of Cargill Fertilizer, Inc., enclosed for filing and distribution are the original and fifteen copies of the following:

- ▶ Petition of Cargill Fertilizer, Inc. and Request for Expedited Treatment

We request that this petition be processed on an expedited basis so that the program may be promptly put in place. Please acknowledge receipt of the above on the extra copy and return the stamped copies to me in the envelope provided. Thank you for your assistance.

Yours truly,



Vicki Gordon Kaufman

VGK/kr

enc

cc: All parties on Service List.

DOCUMENT NUMBER-DATE

09461 AUG-38

REC'D-DIVISION OF RECORDS AND REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of Cargill Fertilizer, Inc.
to engage in a pilot project for self service wheeling
to, from and between points within Tampa Electric
Company's service area.

Docket No. _____
Filed: August 3, 2000

**PETITION OF CARGILL FERTILIZER, INC.
AND REQUEST FOR EXPEDITED TREATMENT**

Cargill Fertilizer, Inc. (Cargill), through its undersigned attorneys, seeks authority from the Florida Public Service Commission (Commission) to authorize Tampa Electric Company (TECo) to transmit power generated by Cargill at its cogeneration sites to other Cargill plant sites located within the TECo service area under the provisions of Chapters 366.051 and 366.075, *Florida Statutes*, and Commission rule 25-17.008, Florida Administrative Code. In support of its petition, Cargill alleges:

1. Cargill is an industrial enterprise with cogeneration plants located within the TECo service area. These plants have been classified as "qualifying facilities" under the relevant state and federal regulations. Cargill is engaged in mining operations and related activities at several locations and operates fertilizer plants at other locations. The fertilizer plants convert phosphate rock and other materials into a variety of agricultural products.

2. Cogeneration is encouraged under the provisions of the Federal Public Utility Regulatory Policies Act, the Florida Energy Efficiency and Conservation Act in general, and Chapter 366.82, *Florida Statutes*; in particular, by Chapter 25-17, F.A.C. and by TECo's cogeneration conservation program.

3. Chapter 366.051, *Florida Statutes*, authorizes self-service wheeling:

...if the commission finds that the provision of this service, and the charges, terms, and other conditions associated with the provision of this service, are not likely to result in higher cost electric service to the utility's general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers.

4. Cargill operates a fertilizer plant near Riverview, Florida. The electric meter at this site is designated "New Millpoint" by TECo. It is interconnected with the TECo transmission grid at 69,000 volts. Cargill operates the transformer substation and internal distribution system behind

the TECo electric meter. In the 1920s, Cargill's predecessor constructed self-generation at this site to serve the site and the surrounding vicinity. From time to time, additional self-generation and cogeneration has been added. The most recent cogeneration plant expansion was completed at this site in early 2000.

5. The New Millpoint cogeneration plant is normally adequate to meet the entire electrical demand of the New Millpoint fertilizer plant with sufficient surplus power to sell incidental amounts in the wholesale electric energy market. The capacity and production records of the plant are known to TECo. New Millpoint is provided standby interruptible service by TECo under its SBIT-3 tariff.

6. A second Cargill fertilizer plant is located in TECo's service territory on Highway 60 near Bartow, Florida. It is a similar fertilizer plant/cogeneration facility as described above at New Millpoint. It is interconnected with the TECo transmission grid at 69,000 volts. It is classified by TECo as the "Ridgewood Master." The Ridgewood Master plant is served by TECo under its SBIT-1 tariff. The Ridgewood Master plant is also connected to Cargill's Hooker's Prairie mine (located within TECo's service area) by Cargill's 12-mile 69,000 volt line. TECo provides service to Cargill's Hooker's Prairie mine at 69,000 volts through an IST-1 meter.

7. This Commission's Order No. PSC-00-1266-PAA-EI issued in Docket No. 000001-EI on July 11, 2000 states:

If a non-firm retail customer meets the conditions set forth in Rule 25-17.0883, Florida Administrative Code, then the customer may request transmission and distribution services from TECO in order to transmit electrical power generated at one location to the customer's facilities at another location. If TECO does not provide transmission and distribution services to the customer pursuant to such request, the customer may petition the Commission for relief.

8. TECo has authorized Cargill to state that it agrees to provide self service wheeling service to Cargill to, from and between points within TECo's service area as a pilot project approved by this Commission under Section 366.075, *Florida Statutes*, on an experimental and transitional basis to gain experience and to more fully understand the costs and benefits of the provision of self-service wheeling to its customers. TECo has agreed to not oppose any such service request by Cargill to this Commission with service to be provided until TECo's next full revenue requirements rate case.

9. Cargill requests that the Commission find that the provisions of this requested self service wheeling service by TECo to Cargill as described herein meets the requirements of Rule 25-17.0883, Florida Administrative Code, and Section 366.075, Florida Statutes.

10. The internal use of cogenerated power by Cargill partially avoids the operation of TECo's peaking units and older high heat rate generating stations.

11. Self service wheeling by Cargill will partially avoid the necessity of requiring TECo to purchase off system power generated by higher cost units.

12. The ability to transmit power between its locations will enable Cargill to operate and maintain its system efficiently without any perceptible impact on TECo except for the revenue that will be gained from wheeling charges.

13. Cargill may be able to avoid interruptions when TECo lacks capacity to service its locations.

WHEREFORE, Cargill, Inc. petitions the Commission to make an expeditious finding that self service wheeling by Cargill to, from and between its various plant locations in the TECo service area under the terms of the proposed pilot project as described herein is not likely to result in higher cost electric service to the general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers.



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(850) 222-2525

Attorneys for Cargill Fertilizer, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing **Petition** has been provided by (*) hand delivery or U.S. Mail to the following persons this 3rd day of August 2000:

(*)Lee L. Willis
James D. Beasley
Ausley & McMullen
227 South Calhoun Street
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Roger Howe
Deputy Public Counsel
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(*)Robert Elias
Staff Counsel
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Vicki Gordon Kaufman

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August 7, 2000

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: Application of Cargill Fertilizer, Inc. to engage in a pilot project for self service wheeling to, from and between points within Tampa Electric Company's service area; FPSC Docket No. 001048-EQ

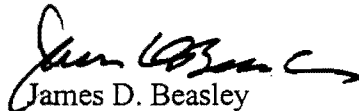
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Response of Tampa Electric Company.

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

JDB/pp
Enclosures

cc: All parties of record (w/enc.)

DOCUMENT NUMBER-DATE

09544 AUG-78

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of Cargill Fertilizer, Inc.)
to engage in a pilot project for self service wheeling)
to, from and between points within Tampa Electric)
Company's service area.)

DOCKET NO. 001048-EQ
FILED: August 7, 2000

RESPONSE OF TAMPA ELECTRIC COMPANY

Tampa Electric Company ("Tampa Electric" or "the company") files this its response to Cargill Fertilizer, Inc.'s (Cargill) petition for self-service wheeling filed in this docket and says:

1. This Commission has held several workshops on interruptible service and has encouraged Tampa Electric and its customers to seek mutually acceptable solutions to various issues instead of pursuing litigation.

2. More specifically this Commission has asked Tampa Electric to consider specific requests for self-service wheeling.

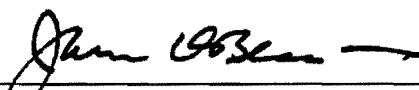
3. Cargill has requested self-service wheeling and Tampa Electric has no objection to providing such service as a test case on an experimental basis under Sections 366.075 and 366.051 *Florida Statutes* and under the terms of the company's Federal Energy Regulatory Commission Open Access Transmission Tariff ("OATT") until its next full revenue requirement's rate case.

4. The provisions of self-service wheeling on an experimental basis as described in Cargill's petition will provide valuable experience to more fully understand the costs and benefits of providing self-service wheeling under the provisions of the OATT, which is incorporated herein by reference.

WHEREFORE, Tampa Electric requests that this Commission authorize the self-service transmission service to Cargill to, from and between points within Tampa Electric's service area on an experimental basis under Sections 366.075 and 366.051, Florida Statutes, and under the provisions of the company's OATT until Tampa Electric's next full revenue requirement's rate case.

DATED this 7th day of August 2000.

Respectfully submitted,



LEE L. WILLIS and
JAMES D. BEASLEY
Ausley & McMullen
P.O. Box 391
Tallahassee, Florida 32302

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Response has been furnished by hand delivery (*) or U. S. Mail this 7th day of August, 2000 to the following:

Ms. Vicki Gordon Kaufman*
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ATTORNEY

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August 8, 2000

Atta ent Three

Hon Terry Deason
Chairman
Florida Public Service Commission
2400 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

In re: Docket 001048-EQ Petition of Cargill Fertilizer, Inc.

Dear Chairman Deason:

As you know § 366.051 *Florida Statutes* finds that self service wheeling is in the public interest. Commission rule 25-17.0883 F.A.C. and the statute require public utilities to provide self service wheeling to their customers. The only caveat is concern that this service could result in higher costs or less reliability to the general body of customers.

Cargill has filed a petition seeking Commission approval of its plan for self service wheeling. TECo has not objected. It supports the application as a way to help alleviate some of the troubles of its non firm customers.

Although Cargill's application is for permanent rather than emergency authority to enable judicious operational planning, a situation has arisen this week that militates for immediate implementation of the program.

This week Cargill lost one of the plants supplying waste heat to its cogeneration turbines at the Riverview fertilizer plant. It called on TECo for backup power. TECo has no capacity available from its generating sources. It is purchasing third party power for Cargill at a market price much higher than the tariff rate. Today interruptible customers have been advised that there is a 50% probability that they will be interrupted. The only option currently open to Cargill is to reduce power consumption at Riverview to avoid additional cost or forced outage. The rest of this week Cargill would like to have the option to mitigate the impact on its Riverview plant by supplying cogeneration at times from the its Mulberry plant. Power that is normally used to serve a Cargill mine over the Cargill distribution system can sometimes be diverted to Riverview.

On July 11 of this year the Commission rendered order PSC-00-1266-PAA-EI. In that order the Commission said,

"We find that this rule [Rule 25-17.0883] provides the relief requested by FIPUG. If a non-firm retail customer meets the conditions set forth in Rule 25-17.0883, Florida Administrative Code, then the customer may request transmission and distribution services from TECO in order to transmit electrical power generated at one location to the customer's facilities at another location. **If TECO does not provide transmission and distribution services to the customer pursuant to such request, the customer may petition the Commission for relief.**" (Emphasis supplied)

The tenor of the emboldened language extracted from the order is that with the consent of the utility self service wheeling can proceed. The Commission's regulatory responsibility is one of review rather than pre approval.

With a copy of this letter to Tampa Electric, Cargill is asking the utility to immediately to contact the Cargill representative to set the means for engaging in self service wheeling on a temporary basis pending final Commission consideration of Cargill's request a for longer term self service wheeling option.

Chairman Deason, if you or your legal department disagrees with this approach to alleviate hardship while the above described petition is working its way through regulatory channels please advise.

Currently the parties are scheduled to meet with your staff on Thursday of this week to provide any further information needed with an eye toward bringing the matter to the Commission on its August 29th agenda.. If you disagree with the temporary service approach we are requesting TECO to implement, please place the petition on the Commissions August 15th agenda for action. If the temporary service request appears satisfactory a later agenda is acceptable to Cargill.

Sincerely Yours,

John W. McWhirter, Jr.

John W. McWhirter, Jr.

Cc. Tom Ballinger
 Bob Elias
 Lee L. Willis
 Angela Llewellyn
 Hugh Smith
 Roger Howe
 Roger Fernandez