

ORIGINAL

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 LAWRENCE W. RODRIGUEZ

5
6 **Q.** Please state your name, address, occupation and employer.

7
8 **A.** My name is Larry Rodriguez. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am an
10 Account Manager in the Marketing and Sales Department of
11 Tampa Electric Company ("Tampa Electric" or "the
12 company").

13
14 **Q.** Please provide a brief outline of your business
15 experience and educational background.

16
17 **A.** I earned a Bachelor of Science Degree in Electrical
18 Engineering in 1970 and a Masters in Business
19 Administration in 1972, both from the University of
20 Florida. I am a Registered Professional Engineer in the
21 State of Florida, a Registered Electrical Contractor in
22 Hillsborough County, Florida, and a Certified Energy
23 Manager in the State of Florida.

24
25 I have been employed by Tampa Electric for the past 25

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1 years. During that time, I have worked in various
2 departments within the company including Power Plant
3 Engineering, Transmission and Distribution Design,
4 Planning & Operations, Large Project Management, and
5 Account Services. In my current position as an Account
6 Manager in the company's Marketing and Sales Department,
7 I am responsible for managing a number of large corporate
8 accounts. My charge is to be familiar with the business
9 operations of my assigned accounts as well as the
10 industries within which they operate so that I can work
11 closely with customers to ensure that their energy needs
12 are met efficiently and effectively. In my role as
13 Account Manager, I provide customers with input on a wide
14 range of energy matters including alternative fuels,
15 generation technologies, rate evaluations, billing
16 inquiries, conservation, energy management, future growth
17 and competitive programs and services

18
19 **Q.** What is the purpose of your testimony in this proceeding?

20
21 **A.** The purpose of my testimony is to demonstrate that Tampa
22 Electric had commenced negotiations with Allied
23 Universal/Chemical Formulators, Inc. ("Allied/CFI") for
24 service under Tampa Electric's Commercial/Industrial
25 Service Rider ("CISR") tariff in a fair, reasonable and

1 unbiased manner and in accordance with the CISR tariff. I
2 will demonstrate that, as the Account Manager directly
3 responsible for CISR tariff negotiations with Allied/CFI,
4 I scrupulously followed the company's guidelines for CISR
5 negotiations, as described in the direct testimony of
6 Tampa Electric witness Victoria Westra.

7
8 **Q.** How and when did your CISR discussions with Allied/CFI
9 commence?

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11 **A.** I received a telephone call from Robert Namoff, President
12 of Allied/CFI, in April 1999. At that time, he indicated
13 that Allied/CFI was exploring the possibility of
14 expanding its operations in Tampa with the construction
15 of a new bleach plant. He wanted to discuss the rate
16 options that might be available for the new facility.

17
18 On May 3, 1999, after I had gathered information on a
19 number of rate alternatives, I telephoned Mr. Namoff to
20 discuss his energy needs further and learn more about his
21 proposed plant. I explained several of the tariffs
22 applicable for his business, including the company's
23 standby generator program and interruptible service
24 tariff, however I explained that the interruptible
25 service tariff was closed to new business. I did not

1 discuss the CISR tariff with Mr. Namoff at that time
2 because it was not clear to me that his proposed plant
3 represented "at risk" load nor did the company's
4 established procedures allow for these types of
5 discussions during preliminary rate overviews with
6 customers.

7
8 **Q.** What was the next step in the process and what further
9 discussions took place with Allied/CFI?

10
11 **A.** Through discussions with Mr. Namoff, it appeared that the
12 proposed facility might qualify for a CISR tariff rate.
13 Mr. Namoff explained that electricity costs were expected
14 to represent about 50 percent of his total manufacturing
15 costs at the new facility. He indicated that
16 Allied/CFI's ability to finance its proposed plant was
17 dependent on the cost of electricity. Therefore, the
18 cost of electricity would be a critical factor in
19 Allied/CFI's choice of a location for the project. Mr.
20 Namoff disclosed that Allied/CFI could obtain lower cost
21 electric power from other utilities in other states and
22 would not locate the new facility in Tampa Electric's
23 service territory unless the company could offer a
24 discounted rate.

25

1 Q. What steps did you take to evaluate whether or not
2 Allied/CFI's proposed facility would qualify for a CISR
3 tariff rate?
4

5 A. In order to proceed under the company's CISR guidelines,
6 I needed approval from Victoria Westra, the Director of
7 Marketing and Sales. Once I received approval to
8 proceed, I executed a confidentiality agreement with
9 Allied/CFI in order to facilitate the necessary review
10 and analysis of their business information. I then took
11 steps to coordinate with other departments within Tampa
12 Electric, such as Regulatory Affairs, who assist in the
13 evaluation of CISR proposals pursuant to the established
14 guidelines. Since Allied/CFI was not the first customer
15 evaluated for a CISR rate, the necessary organizational
16 structure was in place.
17

18 Q. What information did you request from Allied/CFI?
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20 A. Allied/CFI did not have a complete business plan for its
21 proposed bleach plant. Therefore, I began developing
22 questions and gathering information about the type of
23 electrical service required. I visited Allied/CFI's
24 existing bleach plant in Tampa to gain a better
25 understanding of the proposed plant layout and operations.

1 Q. Did you obtain evidence that, if not for Tampa Electric
2 providing a CISR tariff rate, Allied/CFI would have
3 sought another source of electric power outside of Tampa
4 Electric's service territory?

5
6 A. Yes. I received a copy of a letter from Georgia Power
7 indicating that, based on their real time pricing tariff
8 along with a load management capability, they would sell
9 electricity to Allied/CFI in Georgia at a price between
10 [REDACTED] and [REDACTED] cents/kWh. I received additional evidence of
11 an alternative Georgia location from an engineering study
12 performed by Allied/CFI's consultant for a new technology
13 bleach plant that could be located either in Tampa or
14 Brunswick, Georgia. Since Mr. Namoff exhibited a
15 preference to locate the plant in Tampa, I felt it was
16 necessary to perform additional research to assure myself
17 and the company's CISR review team and steering
18 committee, that, if not for a competitive CISR tariff
19 rate offered by Tampa Electric, Allied/CFI would locate
20 their plant in Brunswick.

21
22 Q. What was the next step in the process?

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24 A. I reviewed all of the information I had gathered from the
25 customer and worked with Regulatory Affairs to determine

1 the incremental cost of service for Allied/CFI's
2 facility. This process is described in detail in the
3 direct testimony of Tampa Electric witness William R.
4 Ashburn. I also had the internal CISR review team review
5 prior steps to ensure completeness and adequate
6 documentation. In addition, I familiarized myself with
7 the Odyssey Manufacturing Company ("Odyssey") CISR
8 negotiations, which had taken place a year earlier, in
9 order to ensure that I followed the same guidelines that
10 were used during that process.

11
12 Q. What occurred next?

13
14 A. Based upon successfully following and completing all pre-
15 requisite steps and receiving approval from management to
16 proceed, I was prepared to enter into final rate
17 negotiations with Allied/CFI. I met with Mr. Namoff on
18 September 22, 1999 and I proposed a rate of [REDACTED]
19 cents/kWh, including gross receipts tax. [REDACTED]

20 [REDACTED]
21 [REDACTED]
22 [REDACTED] Mr. Namoff
23 stated that Allied/CFI wanted the same rate that Odyssey
24 had been given. I indicated that Tampa Electric's

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discussions with Odyssey were confidential and that I could not discuss any agreement reached with Odyssey.

Q. Did you further negotiate with Allied/CFI?

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1 Q. When did you next discuss the CISR tariff with
2 Allied/CFI?

3
4 A. Several days later I telephoned Mr. Namoff to clarify our
5 September 22 discussion. I wanted to make sure that he
6 understood that, due to the planned location of his
7 proposed plant within the City of Tampa limits, franchise
8 fees and city taxes would be added to the rate discussed
9 during our earlier conversation, resulting in a total
10 rate of [REDACTED] cents/kWh.

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12 Q. How did Allied/CFI respond?

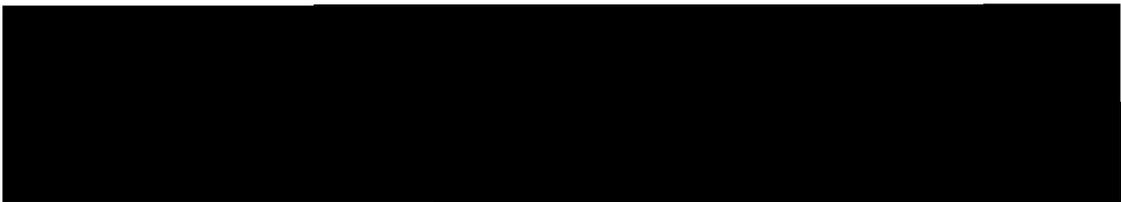
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14 A. Mr. Namoff again insisted that Allied/CFI be given the
15 same rate that Tampa Electric had negotiated with
16 Odyssey. The next time I had any contact with Allied/CFI
17 was through their attorneys by way of a letter sent to
18 Tampa Electric's attorneys on January 13, 2000. In the
19 letter, Allied/CFI indicated that unless Tampa Electric
20 offered "non-discriminatory rates on an expedited basis"
21 and suspended the CISR tariff rates offered to Odyssey,
22 Allied/CFI planned to "exhaust all available legal and
23 administrative remedies," including filing a complaint
24 with the Commission.

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1 Q. According to Allied/CFI, you and William Ashburn assured
2 Mr. Namoff that Tampa Electric's rate would be
3 competitive with the rates included in the Georgia Power
4 letter. Is that correct?

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6 A. 

12
13 Q. According to Allied/CFI, the process Tampa Electric
14 followed with Allied/CFI took much longer than that
15 followed with Odyssey Manufacturers. Is that true?

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17 A. 

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20 According to Tampa Electric witness Westra, this
21 timeframe is comparable with the Odyssey process.
22 Customer discussions, data gathering, rate analysis,
23 management review and negotiations take time and there
24 are numerous variables that can impact the length of time
25 any particular step takes.

1 Q. Please summarize your testimony.

2

3 A. Tampa Electric negotiated with Allied/CFI for service
4 under Tampa Electric's CISR tariff in a manner that was
5 unbiased and strictly in accordance with the Commission-
6 approved CISR tariff. I carefully followed the company's
7 established procedures which help ensure that account
8 managers, like myself, meet the requirements of the
9 tariff for the benefit of at risk load customers and
10 Tampa Electric's general body of ratepayers. I explored a
11 broad range of opportunities and alternatives in my
12 discussions with Allied/CFI to ensure they were offered
13 an appropriate CISR tariff rate.

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15 Q. Does this conclude your testimony?

16

17 A. Yes it does.

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