

ORIGINAL

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January 19, 2001

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RECORDS AND REPORTING

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

Re: Complaint of Allied Universal Corporation and Chemical Formulators, Inc.
against Tampa Electric Company; FPSC Docket No. 000061-EI

Dear Ms. Bayo:

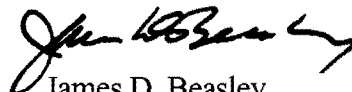
Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Revised Prehearing Statement.

Also enclosed is a diskette containing the above document generated in Word and saved in Rich Text format for use with WordPerfect.

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

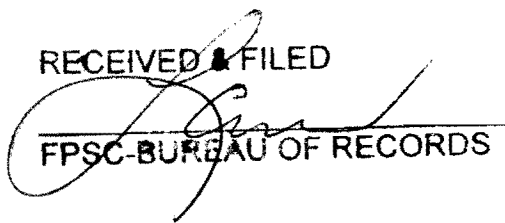
Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
APP _____
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Enclosures
cc: All Parties of Record (w/ enc.)

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
00794 JAN 19 01
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of Allied Universal Corporation)
Chemical Formulators, Inc. against Tampa Electric)
Company.)
_____)

DOCKET NO. 000061-EI
FILED: January 19, 2001

**TAMPA ELECTRIC COMPANY'S
REVISED PREHEARING STATEMENT**

A. APPEARANCES

HARRY W. LONG, JR.
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601

LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Victoria L. Westra	Odyssey Negotiations and Internal CISR Procedures	1, 2 and 3
C. David Sweat	Distribution System Planning	3
Lawrence W. Rodriguez	Allied/CFI Negotiations	2
William R. Ashburn	Tariff and Rate Analysis	1, 2, 3 and 4

DOCUMENT NUMBER-DATE

00794 JAN 19 2001

FPSC-RECORDS/REPORTING

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
Exhibit No. __ (WRA-2) Exhibit No. __ (WRA-1) (Document 1 only)	William R. Ashburn	CISR Tariff and Comparison of Negotiated Rates Term Sheet and Rate Calculation
Exhibit No. __ (VLW-1)	Victoria L. Westra	CISR Negotiation Guidelines- Allied/CFI/Odyssey Negotiation Timelines
Exhibit No. __ (CDS-1) Exhibit No. __ (CDS-2)	C. David Sweat	Maps Showing Location of Odyssey and Allied/CFI Bleach Plants and Comparison of Land Values

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

Tampa Electric Company ("Tampa Electric" or "the Company") negotiated with Odyssey Manufacturing Company ("Odyssey") and Allied Universal/Chemical Formulators, Inc. ("Allied/CFI") for service under Tampa Electric's Commercial/Industrial Service Rider ("CISR") tariff in a manner that was unbiased and in accordance with the Commission-approved CISR tariff. In negotiating with both customers, Tampa Electric followed the same set of procedures. These procedures were put in place to ensure fair, consistent and thorough evaluation of the applicability of the CISR tariff in each case and the prudence of any CISR rate ultimately agreed upon. Under the terms and conditions of Tampa Electric's CISR tariff, the Company is obligated to bargain for the highest possible contribution to fixed cost in each CISR negotiation. Aside from setting the floor and ceiling on prices that can be negotiated under the CISR tariff, Tampa Electric's costs are not relevant. Within the prescribed negotiating range, it is the prospective CISR customer's alternative costs and ability to create ratepayer value that determines the CISR rate, terms and conditions that are ultimately negotiated. In this case, the

rates offered to Odyssey and Allied were essentially identical. This fact is significant in several respects. As noted above, these rate proposals were developed over one (1) year apart and were not based on Tampa Electric's costs. The similarity of the rate proposals under the circumstances described above belies any inference that Tampa Electric treated the two customers in question in a disparate or unreasonable manner. In addition, the rate left on the negotiating table by Tampa Electric and rejected by Allied was strikingly similar to the rate negotiated with Odyssey, despite the fact that Allied provided none of the in-kind items offered by Odyssey. As described in Mr. Ashburn's testimony, The in-kind items offered by Odyssey created additional and tangible benefits to Tampa Electric's ratepayers. It is, therefore, difficult to find any legitimate basis for Allied's complaint. However, even if Allied had been offered a higher rate or different terms and conditions than were negotiated with Odyssey, Allied would still have no legitimate complaint. The indisputable fact in this case is that Odyssey provided additional value to Tampa Electric's ratepayers that Allied did not. In this sense, Allied and Odyssey were not similarly situated. Under these circumstances, it would not have been prudent for Tampa Electric to offer these two customers the same CISR rate.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Has TECO acted in violation of its CISR tariff, Commission Order No. PSC-98-1081-A-FOF-EI or relevant sections of the Florida Statutes in its response to Odyssey's request for CISR tariff rates?

TECO: No. Tampa Electric negotiated with Odyssey for service under Tampa Electric's CISR tariff in a manner that was unbiased and in accordance with the Commission-approved CISR tariff. In negotiating with both Odyssey and Allied/CFI, Tampa Electric followed the same set of established procedures. These procedures were put in place to ensure fair, consistent and thorough evaluation of the applicability of the CISR tariff in each case and the prudence of any CISR rate ultimately agreed upon. The resulting CISR agreement negotiated with Odyssey is reasonable, prudent and fully justified by the facts. In fact, Counsel for Allied has admitted, in the presence of Staff counsel, that the allegations in Allied's Complaint of improper conduct with regard to Tampa

Electric's negotiations with Odyssey were included solely as a procedural device to overcome the presumption of confidentiality afforded CISR information under Tampa Electric's CISR tariff.

(Witness: Westra, Ashburn)

ISSUE 2: Has TECO acted in violation of its CISR tariff, Commission Order No. PSC-98-1081-A-FOF-EI or relevant sections of the Florida Statutes in its response to Allied/CFI's request for CISR tariff rates?

TECO: No. Tampa Electric followed both the letter and the spirit of its CISR tariff and other applicable law in its negotiations with Allied/CFI. The Company followed the same guidelines in its discussions with Allied/CFI that had been used in its CISR negotiations with Odyssey one-year earlier. Both the Odyssey and the Allied/CFI negotiations proceeded at a similar pace.

(Witness: Rodriguez, Ashburn, Westra)

ISSUE 3: Do the differences, if any, between the rates, terms and conditions stated in TECO's letter of October 18, 1999 to Allied/CFI and those agreed to between TECO and Odyssey constitute a violation of relevant sections of the Florida Statutes, the requirement of Commission Order No. PSC-98-1081-A-FOF-EI or Tampa Electric's CISR tariff?

TECO: No. Tampa Electric's CISR tariff neither requires nor contemplates that each customer who qualifies for a CISR rate must be given the same rate. The Commission has explicitly authorized Tampa Electric to negotiate a CISR rate with qualified customers between a floor price equal to the incremental cost to serve the customer in question and the otherwise applicable rate. This negotiated rate is based on the customer's alternative cost and the level of benefits that each CISR customer can offer Tampa Electric's general body of ratepayers. Therefore, unless two customers are precisely similarly situated, neither customer can legitimately claim entitlement to the CISR rate negotiated with the other. In the case of Odyssey and Allied, the relevant differences between them could not be more pronounced. As discussed in the Prepared Direct testimony of witnesses Ashburn and Sweat, Allied/CFI did not offer our ratepayers comparable benefits. Therefore, they were not entitled to the same rate. However, the rate negotiated with Odyssey and the rate left on the negotiating table by Allied/CFI are very similar.

(Witness: Ashburn, Sweat, Westra)

ISSUE 4: Based on the resolution of Issues 1-3, what actions, if any, should the PSC take with respect to Odyssey, Allied/CFI and TECO?

TECO: The Commission should deny the relief requested by Allied/CFI and this docket should be closed.

(Witness: Ashburn)

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: Motions to Compel the Production of Allied Documents and Interrogatory Responses (Pending)

H. OTHER MATTERS


TECO: None at this time.

DATED this 19th day of January 2001.

Respectfully submitted,

HARRY W. LONG, JR
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and



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(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Revised Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery(*) on this 19th day of January 2001 to the following:

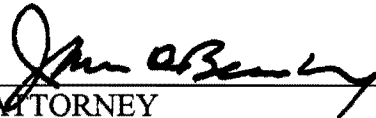
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