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AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

December 10, 2001

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

Re: 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; FPSC Docket No. 001048-EQ

Dear Ms. Bayo:


Pursuant to Order No. PSC-00-1596-TRF-EQ issued in the above docket on September 6, 2000, and pursuant to discussions with the Commission Staff regarding the confidential nature of certain of the information contained in this filing, we enclose for filing two redacted copies of Tampa Electric Company's Quarterly Report identifying the costs and revenues associated with the approved experimental self-service wheeling program. The enclosed redacted Quarterly Reports is for the third quarter of 2001.

A single confidential version of the Quarterly Report is being filed under a separate cover letter. Attached hereto as Exhibit "A" is a justification for the confidential classification of the information contained in the redacted portions of this filing, which portions are circled in yellow on the confidential version of this Quarterly Report.

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: Angela Llewellyn (w/enc.)

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**JUSTIFICATION FOR CONFIDENTIAL CLASSIFICATION
OF HIGHLIGHTED PORTIONS OF THE QUARTERLY REPORT**

The confidential portions of the Quarterly Report outlined in yellow reflect information concerning the electrical consumption of a single industrial customer of Tampa Electric, Cargill Fertilizer, Inc. Cargill is a participant in a very competitive industry. The confidential information circled in yellow either reflects or can be used to back into the electrical consumption of Cargill. Cargill's competitors could use this information to closely estimate the production activities of Cargill and thereby place Cargill at a distinct competitive disadvantage. As such, the information in question is entitled to confidential classification pursuant to Section 366.093, Florida Statutes, and Commission Rule 25-22.006, Florida Administrative Code. The information in question is proprietary confidential business information public disclosure of which could harm Tampa Electric's customer, Cargill's ability to compete in the fertilizer industry. Accordingly, the Commission is requested to treat the highlighted information as confidential and exempt from public disclosure. Cargill and Tampa Electric treat the highlighted information as confidential and have not disclosed it publicly.

Self-Service Wheeling Experimental Program – Mid-Point Summary

This filing of the Self-Service Wheeling Report for Quarter III, 2001 marks the mid-point of Tampa Electric Company's two-year experimental program on self-service wheeling with customer participant, Cargill Fertilizer, Inc. During this one-year period both Tampa Electric and Cargill have obtained valuable knowledge regarding the impacts of this program on the respective operations of each. Much of the information gained so far has been provided in the quarterly self-service wheeling reports that identify impacts on other ratepayers, the participating customer's electric bill, and system reliability.

During the program's first year, monthly results indicating the impact on other ratepayers have varied as customer operations, the company's operating reserve capacity, and market conditions have varied.¹ As might be expected, the program provided the greatest benefit to other retail ratepayers under three concurrent conditions: on-peak hours, capacity shortfall for Tampa Electric, and capacity-tight market. Conversely, negative impact occurred primarily under the two concurrent conditions: off-peak hours and periods when the customer under-delivered scheduled MW's. It has also been discovered that a change in any one variable of a set can produce dramatic changes in the results. Although there have been positive results for other ratepayers in certain months, the net impact over the period is a cost of [REDACTED].²

The program has had a positive impact on Cargill's electric bill in every month that self-service wheeling was exercised. Thus far, the impact on Cargill's electric bill is a savings of [REDACTED]. The sum of Cargill's TECO electric bills for the period was [REDACTED].

Self-service wheeling's impact on Tampa Electric's system reliability is negligible due to the program's small scale and the uncertain nature, in terms of the firmness and the quantity, of the additional capacity freed-up by the program.

Both the customer and company agree that during the first year the dollar impact to other ratepayers has been small and not significant.

Tampa Electric and Cargill communicate often regarding the program, identifying the drivers of the results and discussing the methodology/philosophy for calculating impacts to other ratepayers. There continue to be topics related to the methodology and philosophy of assessing the impact to the general body of ratepayers where company and customer opinions are still evolving.

¹ As conditions change the program is tested and flaws/weaknesses in both the program and reporting methodology have surfaced. One such revelation prompted the current change in methodology of capturing costs/benefits whereby self-service MW's wheeled during hours of optional provision purchase are excluded from the total MWH of self-service wheeling when assessing ratepayer impact.

² This impact is comprised of immediate (fuel and other recovery clauses) and deferred (base rate) impacts of [REDACTED] and [REDACTED], respectively

Cargill concludes that specific customer and ratepayer benefits from self-service wheeling are not captured in the current reporting methodology. These unreported benefits are identified by Cargill as follows:

- the positive impacts to other interruptible customers during times of optional provision purchases;
- the increased efficiency, reliability and stability of Cargill's operations which in turn result in a positive economic impact on Cargill's customers;
- the societal benefit associated with promoting conservation efforts and waste heat recovery/combined heat and power; and
- the positive impact on system reliability from freeing-up additional MW's in Tampa Electric's service territory during times of capacity shortfall.

Tampa Electric will continue to work with Cargill in resolving program issues and in determining whether this experimental program should become a permanent offering given data results and customer feedback.

Overview of Self-Service Wheeling Experimental Program

Pursuant to Florida Public Service Commission Order No. PSC-00-1596-TRF-EQ, dated September 6, 2000, Tampa Electric Company (TECO) and Cargill Fertilizer, Inc. (Cargill) are participating in an experimental program in which TECO provides Cargill with self-service wheeling (SSW) to, from and between Cargill's three locations identified as "New Millpoint", "Ridgewood Master" (fertilizer plants) and "Hooker's Prairie Mine".

According to the Order, transmission wheeling of self-service energy will be supplied under TECO's Open Access Transmission Tariff on file at the Federal Energy Regulatory Commission. Any applicable charges for under-delivery of scheduled energy will be collected under TECO's Open Access Generation-to-Schedule Imbalance (GSI) Service. For the duration of this pilot program (initially limited to two years), TECO will submit quarterly reports, such as the attached, that identify the costs and revenues associated with this program.

The first section of the quarterly report is a summary page designed to provide information regarding Cargill's actual energy (MWH) reduction attributable to SSW*, the basis for the GSI service charge and the net revenue gains or losses for other TECO ratepayers. This page also includes TECO's monthly peak information. When SSW occurs, TECO's incremental fuel expense for serving this energy is avoided (except when Cargill under-delivers and TECO serves the energy shortfall via the GSI service). Ratepayers lose fuel revenue when the avoided incremental fuel expense is less than the otherwise applicable tariff fuel rate. Conversely, ratepayers benefit if the reverse is true. Cargill's self-service energy is assumed to be an incremental increase to TECO's energy supply. Therefore, any SSW MWs in hours that are coincident with hourly spot sales of energy are assumed to have contributed to the sales.

The second section shows the impact of SSW on Cargill's electric bills for each of the three Cargill locations. It provides the billing components before and after the SSW energy reduction adjustment. Cargill's SSW is non-firm and therefore assumed to have no impact on the billing demand used to calculate demand charges for retail electric service. Although all billing components are shown, only the energy-related components are impacted.

The third section provides a graphical presentation of the hours of SSW (including whether on-peak or off-peak); the hours of optional provision purchases; the hours of overlap of SSW and optional provision purchases, and the actual peak hour for each day. Over time these charts may assist in the assessment of reliability impacts to both TECO and Cargill.

TECO has shared the information in this report with Cargill. TECO and Cargill will continue to work together to optimize the benefits of SSW to TECO ratepayers and Cargill.

* SSW energy occurring during hours of optional provision purchase is excluded from the actual energy reduction amount in the Ratepayer Impact Section of this report. Lost revenues and avoided fuel expense are not applicable to this energy as it would have otherwise been served through optional provision purchases and not by Tampa Electric.

Section 1

Impact of Self-Service Wheeling on Other Tampa Electric Ratepayers

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Section 2

Impact of Self-Service Wheeling on Cargill's Electric Bills

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Section 3

Hourly Summary

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