



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: September 20, 2002
TO: Division of the Commission Clerk and Administrative Services
FROM: Office of the General Counsel (Gervasi) *JS*
RE: Docket No. 020898-EQ - Petition by Cargill Fertilizer, Inc. for permanent approval of self-service wheeling to, from, and between points within Tampa Electric Company's service area.

Please file the attached letter from James D. Beasley, Esquire, dated September 13, 2002, in the docket file for the above-referenced docket.

RG/dm

cc: Division of Economic Regulation (Wheeler, Haff, E. Draper)

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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

September 13, 2002

HAND DELIVERED

Mr. Michael S. Haff
Division of Electric & Gas
Florida Public Service Commission
Room 200G – Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

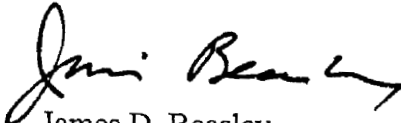
Re: Docket No. 020898-EQ, Petition by Cargill Fertilizer, Inc. for permanent approval of self-service wheeling to, from, and between points within Tampa Electric Company's service area

Dear Michael:

Enclosed is Tampa Electric Company's response to data request no. 2 set forth in your letter to me dated September 4, 2002. This information and the confidential quarterly reports that I refiled on September 11, 2002 complete Tampa Electric's response to your September 4 letter.

Should you have any questions or require further information, please let me know.

Sincerely,


James D. Beasley

JDB/pp
Enclosure

cc: Vicki Kaufman (w/enc.)

Tampa Electric Company
Response to Informal Data Request
of Commission Staff
Docket No. 020898-EQ

Data Request:

2. A description of why TECO believes that retail customer self-service wheeling would require a transaction-specific Transmission Service Agreement to be filed at the Federal Energy Regulatory Commission. Include suggested changes to the Open Access Transmission Tariff.

Response:

Cargill Fertilizer, Inc.'s ("Cargill's") request for self-service wheeling is pursuant to Section 366.051, Florida Statutes, as administered through Section 25-17.0883, Florida Administrative Code. Section 1.11 of Tampa Electric's open access transmission tariff ("OATT"), which defines "Eligible Customer," provides, in pertinent part, as follows:

Any retail customer taking unbundled transmission service pursuant to a state requirement that the Transmission Provider offer the transmission service, or pursuant to a voluntary offer of such service by the Transmission Provider, is an Eligible Customer under the Tariff.

The Federal Energy Regulatory Commission ("FERC") has indeed stated that it generally expects unbundled retail wheeling customers, including those that self-supply power to remote locations, to take service under the same OATT that applies to wholesale customers. *See, e.g., PJM Interconnection, L.L.C., et al.*, 94 FERC ¶61,251 at 61,891 n. 60, *reh'g denied*, 95 FERC ¶61,333 (2001);

Washington Water Power Company, 78 FERC ¶61,178 at 61,726 (1997). Any self-service wheeling mandated by the Florida Public Service Commission, therefore, would be accomplished by Cargill as a customer under Tampa Electric's OATT.

Under the *pro forma* provisions of Tampa Electric's OATT, there are a number of ancillary services that Tampa Electric must offer to transmission customers serving load in Tampa Electric's control area, and that such customers *must* obtain from either Tampa Electric or some other supplier of ancillary services. Among those ancillary services are the following: Energy Imbalance Service (Schedule 4); Operating Reserve - Spinning Reserve Service (Schedule 5); and Operating Reserve - Supplemental Reserve Service (Schedule 6).

Tampa Electric has also included in its OATT an additional service called Generation to Schedule Imbalance Service (Schedule 4A), applicable to transmission customers scheduling the transmission of energy from a generator located in Tampa Electric's control area to another control area or to a load within Tampa Electric's control area. As with the ancillary services identified above, generation-to-schedule balancing is mandatory; the customer must either obtain the service from Tampa Electric under Schedule 4A or prearrange alternative comparable service.

In order to accommodate the remote self-supply of power by Cargill in a manner consistent with Cargill's continuing status as a bundled retail customer of Tampa Electric, it would be necessary to waive or modify all of the OATT services identified above. With reference to Energy Imbalance Service (Schedule

5), a waiver would be called for because any imbalance between the load at Cargill's remote site and the amount of energy scheduled for delivery to that site would be resolved through Tampa Electric's retail service to the site and/or through the provisions of Generation to Schedule Imbalance Service under Schedule 4A. As for the two operating reserves services under Schedules 5 and 6, a waiver is appropriate because those services, arguably, are subsumed within Tampa Electric's bundled retail service to Cargill.

Generation to Schedule Imbalance Service (Schedule 4A) would have to be modified, at the very least, to require that the service be obtained from Tampa Electric only (*i.e.*, rather than from a third party). Only Tampa Electric is in a position to coordinate this service with the bundled retail service that Tampa Electric also provides to Cargill. In that regard, it may be necessary to depart from the letter of Schedule 4A in order to meet the circumstances of self-service wheeling (*e.g.*, during periods when Cargill's load at the remote site is less than the amount scheduled for transmission, or when Cargill's load would otherwise be subject to curtailment pursuant to the applicable retail tariff).

These waivers and modifications of OATT provisions could be accomplished, in theory, through either a transaction-specific transmission service agreement ("TSA") containing appropriate conditions, or amendments to the OATT itself. If an attempt were made to continue the transaction, the transaction-specific TSA approach would seem to make more sense, given the uniqueness of Cargill's circumstances on the Tampa Electric system. If, however, the FERC required that the OATT be amended to accommodate self-service wheeling, and

the changes were limited to those necessary for the circumstances of the Cargill transaction, then the changes could include new language in OATT Section 3 (Ancillary Services), as well as in Schedules 4, 4A, 5, and 6. The FERC might also require inclusion in the OATT of a form of service agreement that is particular to self-service wheeling transactions.