

ORIGINAL

MCWHIRTER REEVES

ATTORNEYS AT LAW

TAMPA OFFICE:
400 NORTH TAMPA STREET, SUITE 2450
TAMPA, FLORIDA 33602-5126
P O. BOX 3350 TAMPA, FL 33601-3350
(813) 224-0866 (813) 221-1854 Fax

PLEASE REPLY TO:
JOHN W. MCWHIRTER, JR.
TAMPA

TALLAHASSEE OFFICE:
117 SOUTH GADSDEN
TALLAHASSEE, FLORIDA 32301
(850) 222-2525
(850) 222-5606 Fax

October 4, 2002

Hon. Blanca Bayo
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2450 Shumard Oak Blvd.
Tallahassee, Fl 32399-0850

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In Re Docket No. 020898-EQ

Dear Ms. Bayo:

Enclosed for filing in the above docket are an original and twenty copies of Cargill Fertilizer Inc's corporate undertaking to guarantee the cost effectiveness of its self service wheeling program from October 1, 2002 until the Commission completes its review of the program.

Please acknowledge your receipt and the date of filing of the enclosures on the duplicate copy of this letter, and return the same to me in the enclosed pre addressed envelope.

Sincerely yours,

John W. McWhirter, Jr.

Cc. Harry Long, Esq
Roger Fernandez

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DOCUMENT NUMBER - DATE
10867 OCT-82
FPSC-CC, DIVISION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Cargill Fertilizer, Inc.
For permanent approval of self-service
Wheeling to, from, and between points
Within Tampa Electric's service area.

Docket No. 020898-EQ

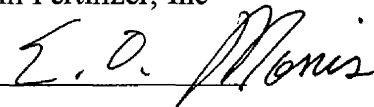
Filed: October 1, 2002

CORPORATE UNDERTAKING.

The condition of this undertaking is that if this proceeding is concluded and the Commission finds that the sum charged Tampa Electric's general body of ratepayers after September 30, 2002 as a result of the Cargill – Tampa Electric self service wheeling program exceeds the benefits received from the temporary extension, Cargill shall pay up to \$32,000 to Tampa Electric company per proposal outline attached; to be credited to the fuel and capacity cost recovery clause to reduce fuel costs to other customers. If the benefits equal or exceed the additional costs charged to the general body of ratepayers as a result of the temporary extension of the self service wheeling program then this undertaking shall be void.

Cargill Fertilizer, Inc

By



Ozzie Morris

Vice President, Cargill Fert. Inc.

DOCUMENT NUMBER 0002

10867 OCT-8 2002

FPSC-COMMISSION CLERK

9/27/2002

Re.: CARGILL'S SSW - TEMPORARY EXTENSION OF TIME
PROPOSAL FOR GUARANTEEING COST EFFECTIVENESS.

Summary:

Cargill Fertilizer Inc.(CFI) will enter into a corporate undertaking in the amount of \$32,000 to indemnify ratepayers against any adverse impact during the period the SSW pilot program is extended while Cargill's application for permanent approval is considered by the Commission. If it takes six months to evaluate the petition, the amount set aside will be twice the annual adverse impact suggested in the TECO periodic reports. During the interim extension while cost effectiveness calculations can be verified the CFI corporate undertaking will guarantee that ratepayers are not adversely affected.

Cargill agrees to work with the commission staff, and TECO together, to review and crunch numbers as needed to determine actual negative/positive outcome from Cargill's SSW test period data.

If it is determined that \$32,000 (which represents 1 yrs. worth of SSW negative results per TECO's disputed calculations) is not enough to cover interim period losses, Cargill will make-up the difference by supplementing the amount with a payment of, at the applicable \$\$/MWH wheeled, times the MWH wheeled during the interim period. Cargill will indemnify the total negative impact on ratepayers, if any, with a payment to flow through the fuel adjustment clause. This will make ratepayers whole for any loss they encounter during the extension of the program.

The TECO reports do not conform to the requirements of Commission Cost Effectiveness Rule. When the criteria established in the rule are applied it will be seen that the Cargill SSW program is beneficial, not harmful, to ratepayers. Cargill respectfully suggests that the study reports submitted by TECO show negative results as a result of material miscalculations and omissions. Cargill is also convinced that it's power generation activities are environmentally beneficial to the community in addition to being cost beneficial to the general body of ratepayers.

This proposal will insure that ratepayers will not be harmed by continuing Cargill's self-service wheeling while its final approval is being evaluated; and that the societal benefits from Cargill's unique waste heat generated SSW activities will continue, and not be prematurely and unnecessarily terminated.

It is also Cargill's hope that this step will help achieve a resolution through mediation, without the need of lengthy and at times wasteful contentious adversarial proceedings.

Please see next page for exact details of proposal and sample calculation, clarification etc.

Explanation of proposal and basis:

Data from TECO's 7 quarterly reports total \$55,351 negative results.
\$55,351 into 21 mos. times 12 mos/yr. = \$31,629 max. negative yearly cost from TECO data.

Hence \$32,000 Cargill Fert. Inc's. corporate undertaking subject to refund. Final disposition should be achievable within 6 to 8 mos. max.

Expected Maximum negative cost per MWH; again from TECO's disputed data:
\$55,351 divided by 10,835 MWH wheeled (total for 21 mos.) = \$5.11/MWH

SAMPLE POSSIBLE OUTCOMES

Case A:

TECO's numbers are EXACTLY correct:

\$5.11/MWH multiplied by actual MWH wheeled during interim period, will be refunded to ratepayers through TECO's fuel adjustment clause. Funds will come from the \$32,000 Cargill Fert. Inc. corporate undertaking.

i.e.: 4,000 MWH are wheeled during interim period

$4,000 \times \$5.11 = \$20,440$ to be refunded through fuel adjustment clause.

Case B:

Corrected calculations prove Cargill's SSW to have NO negative effect on other ratepayers.

No positive or negative adjustment to the "fuel clause" would then be required due to Cargill's SSW during the interim period.

Case C

Corrected calculations fall somewhere between case A (maximum negative) and case B (positive).

i.e.:

Calculation comes out \$16,000/yr. negative, or \$2.56 / MWH wheeled negative.

4,000 MWH wheeled during interim period.

$4,000 \text{ MWH} \times \$2.56 / \text{MWH} = \$10,240$ to be refunded through fuel adjustment clause.
Funds to come from the \$32,000 CFI corporate undertaking.