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Public Service Commission

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

DATE: April 9, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Kummer) *CK*
Office of General Counsel (Young, Walker) *YWB*

RE: Docket No. 090151-EI – Petition for approval of revisions to GSLM-2 and
GSLM-3 load management riders, by Tampa Electric Company. *TSB*

AGENDA: 04/21/09 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/26/09 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\090151.RCM.DOC

Case Background

On September 10, 1999, the Commission approved Tampa Electric's (TECO) proposal to close its remaining open Interruptible Service Rates (IS-3, IST-3, SBI-3) and implement new rate schedules, General Service Load Management Rider (GSLM-2) and the General Service Industrial Standby and Supplemental Load Management Rider (GSLM-3)¹. This option offered a Demand Side Management (DSM) credit to otherwise applicable firm rates for new customers who were willing to allow TECO to interrupt their service in times of capacity shortages. In that September 1, 1999 Order, the Commission found that the IS-3 and IST-3 rates were not cost-

¹ See Order No. PSC-99-1778-FOF-EI, issued September 1, 1999, in Docket No. 990037-EI, In re: Petition of Tampa Electric Company to close Rate Schedules IS-3 and IST-3 and approve new Rate Schedules GSLM-2 and GSLM-3

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effective and should be closed to new customers. The Order further found that the new riders provided a cost-effective alternative to the existing IS-3 and IST-3 rate schedules.

The Florida Industrial Power Users Group (FIPUG) protested Order No. PSC-99-1778-FOF-EI, on October 1, 1999. FIPUG protested both the closure of the IS-3 rate schedules and the creation of the new GSLM-2 and GSLM-3 rate schedules. On January 27, 2000, the parties filed a Settlement Stipulation and Motion for Acceptance of Stipulation and Closure of the docket. The Commission approved the stipulation by Order No. PSC-00-0374-S-EI.² The GSLM-2 and GSLM-3 tariffs became effective February 22, 2000. In addition to the approval of the new GSLM-2 and GSLM-3 tariffs, the stipulation agreed to the closure of IS-3 to new customers and provided certain protections to existing IS-3 customers regarding fluctuations in load, relocation of accounts, and interruption schedules.

On March 27, 2009, TECO filed a revision to the General Service Load Management Riders, GSLM-2 and GSLM-3, to remove the customer charge. Customers taking service on the Riders must also take service on another base rate schedule, which also has a customer charge. Based upon decisions in the rate case, TECO had determined that the customer charges approved in their recent rate case are cost compensatory, and there is no longer a need to recover any incremental customer costs associated with providing service under the Riders.

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes.

² See Order No. PSC-00-0374-S-EI, issued February 22, 2000, in Docket No. 990037-EI, In re: Petition of Tampa Electric Company to close Rate Schedules IS-3, IST-3 and approve new Rate Schedules GSLM-2 and GSLM-3.

Discussion of Issues

Issue 1: Should the Commission approve Tampa Electric's request to delete the customer charge on the General Service Industrial Load Management Rider and General Service Industrial Standby and Supplemental Load Management Rider rate schedule?

Recommendation: Yes. (Kummer)

Staff Analysis: At the March 17, 2009 Agenda Conference in Docket No. 080317-EI, In Re: Petition for a Rate Increase by Tampa Electric, the Commission approved restructuring TECO's existing interruptible service tariffs from a discount rate to a credit based DSM program. Customers previously served on the old IS-1 and IS-3 rate schedules are now taking service on a new IS rate schedule, in conjunction with the GSLM-2 and the GSLM-3. From a cost of service perspective, the rates for the new IS rate schedule are designed based on the customers' measured usage characteristics, and the DSM credit for interruption is accomplished through the application of the GSLM-2 and GSLM-3 riders.

Under the existing tariffs, customers taking service on the GSLM-2 or GSLM-3 riders would pay two customer charges, one for the underlying General Service Demand (GSD) or IS rate and another for the GSLM riders. As discussed in the Case Background, the GSLM-2 and GSLM-3 riders were approved outside of a general rate case, and at that time customer charges were considered appropriate to recover the incremental cost associated with the riders. TECO has now determined that the recently approved customer charges for the underlying GSD and IS rate schedules are fully cost compensatory and the additional customer charges on the GSLM-2 and GSLM-3 riders are no longer necessary. The filing in this docket removes the customer charge from these schedules.

At the current time, TECO has no customers taking service under either the GSLM-2 or GSLM-3 rate riders. However, the new IS rate class will be taking service under these riders effective with the implementation of the new rates approved in the rate case. Therefore, TECO requests that the change proposed in this docket be expedited so as to be effective on or before May 7, 2009, when the new rates from the rate case become effective.

Staff believes the change is reasonable and beneficial to customers and should be approved.

Docket No. 090151-EI

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Issue 2: Should this docket be closed?

Recommendation: Yes, if no timely protest is filed within 21 days of the issuance date of the Order, no further action will be necessary and this docket should be closed upon the issuance of a Consummating Order. However, if a protest is filed by a person whose interests are substantially affected within 21 days of the issuance date of the Order, the docket should remain open pending resolution of the protest. (Young)

Staff Analysis: If no timely protest is filed within 21 days of the issuance date of the Order, no further action will be necessary and this docket should be closed upon the issuance of a Consummating Order. However, if a protest is filed by a person whose interests are substantially affected within 21 days of the issuance date of the Order, the docket should remain open pending resolution of the protest.