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August 6, 2010

VIA HAND DELIVERY

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

100336-EU

Re: *Joint petition for approval to extend territorial settlement agreement by Progress Energy Florida, Inc., Tampa Electric Company, and The Mosaic Company; Docket No. 100336-EU*

Dear Ms. Cole:

Please find enclosed for filing on behalf of Progress Energy Florida, Inc. ("PEF"), Tampa Electric Company ("TECO") and the Mosaic Company ("Mosaic") the original and five (5) copies of their joint response to Staff's Data Request No. 1 in the above referenced docket.

Thank you for your assistance in this matter. Please call me at (727) 820-5184 should you have any questions.

Sincerely,

John T. Burnett
John T. Burnett

JTB/lms

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cc: James Beasley (TECO)
Vicki Kaufman (Mosaic)

DOCUMENT NUMBER DATE

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PEF, TECO & MOSAIC'S RESPONSES TO STAFF DATA REQUEST NO. 1
DOCKET NO. 100336-EU

- Q1. Please explain or describe how the current Settlement Agreement has operated to the benefit of the general body of ratepayers for Progress Energy Florida, Inc. (PEF) and Tampa Electric Company (TECO).**

PEF and TECO Answer: The Settlement Agreement has resulted in reduced costs of service, eliminated the need for duplicate facilities, addresses service reliability and is consistent with the Public Service Commission's policy to encourage agreements.

In addition, the current Settlement Agreement has avoided disputes involving mobile facilities that traverse utility boundaries and has ensured compliance with the Commission-approved territorial agreement between TECO and PEF. TECO's general body of ratepayers have benefited from avoided litigation costs over such disputes and have benefitted from the revenue received from PEF under the current Settlement Agreement without the need to expand the transmission/distribution systems to serve the mobile facility load while it is located on the Tampa Electric side of the territorial boundary.

- Q2. Please explain or describe how extending the Settlement Agreement for an additional five years will be a benefit to the general body of ratepayers for PEF and TECO.**

PEF and TECO Answer: Extending the Settlement Agreement would continue to avoid future territorial disputes involving mobile facilities that traverse utility boundaries and the need for duplicate facilities, thereby reducing the costs of service to the general body of ratepayers. As a result of the settlement agreement up to the time that the Mobile Facilities currently affected by the Settlement Agreement are no longer operating in TECO's service territory or are no longer served by PEF, TECO's ratepayers will continue to benefit from the additional revenue received without the additional cost of expanding the transmission/distribution system.

In addition, the extension will ensure that Mosaic receives safe and reliable service for its mobile facilities. The Commission previously recognized in Order No. PSC-05-0934-PAA-EU issued September 21, 2005 that "*reliability is compromised when more than one utility provides electric service to different components of the facility*" (Page 2). Therefore, by extending the Settlement Agreement would continue to address the unique reliability requirements of Mosaic's mobile facilities.

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Q3. Absent extending this current Settlement Agreement, please state and explain under which rate schedule(s) would Mosaic Company (Mosaic) take service from PEF and/or TECO.

PEF: Mosaic would be served under TECO's existing rate schedules.

TECO and Mosaic Answer*: Absent the Settlement Agreement, service would be provided under Tampa Electric's Rate Schedule IST and interruptible rate rider GSLM-2 if the load is served behind an existing IST metering point or under Tampa Electric's Rate Schedule GSDT and the interruptible rate rider GSLM-2 if served from a new metering point.

**Note: Question 3 is the same as Question 1 given to Mosaic.*

Q4. In Order No. PSC-05-0934-PAA-EU, issued September 21, 2005, approving the current Settlement Agreement, the parties asked that the following language be included in the Order:

The Commission recognizes that the Parties may, of necessity, implement the resolution of future situations concerning electric service to Mosaic's Mobile Facilities, as contemplated in paragraph 4 of the Settlement Agreement, in advance of the Parties submitting such resolutions to the Commission for its approval. However, the Commission is satisfied that the procedures and pricing mechanism set forth in paragraph 5 to be used in addressing issues raised by future service to Mosaic Mobile Facilities are sufficiently clear and specific to avoid the exercise of undue discretion by the Parties and are in the public interest. The Commission will review each resolution when filed and approve or take other appropriate action in response thereto, consistent with its statutory authority and as part of its ongoing, active supervision of this settlement and the application and implementation of territorial agreements.

a. Please explain or describe the reason(s) the parties asked for this language to be included.

PEF / TECO / Mosaic Answer*: Due to the changes and fluctuations in Mosaic's mining operations, specifically the mobility of facilities across utility territorial boundaries required by the operation, this provision was included to recognize that other similar situations regarding Mobile Facilities might arise in the future. It was desirable to recognize the need for flexibility in the provision of service to the mining operation while maintaining the goals of the territorial agreements, prevent duplication of facilities and lower costs to the ratepayer.

**Note: Question 4(a) is the same as Question 2(a) given to Mosaic.*

- b. Did the parties implement paragraph 4 of the current Settlement Agreement and submit any resolution(s) to the Commission for review and approval during the term of the current Settlement Agreement?**

PEF / TECO / Mosaic Answer*: Paragraph 4 was not implemented by the Parties during the term of the current Settlement Agreement. No resolutions were submitted to the Commission for review.

**Note: Question 4(b) is the same as Question 2(b) given to Mosaic.*

- c. If so, please supply the docket number of the filing and order number approving the resolution.**

PEF / TECO / Mosaic Answer*: Not applicable. See response to (b) above.

**Note: Question 4(c) is the same as Question 2(c) given to Mosaic.*

- Q5. How many of Mosaic's Mobile Facilities are currently affected by the electric service pricing mechanism as agreed to under the terms of the current Settlement Agreement?**

PEF / TECO / Mosaic Answer*: The Mosaic mobile facilities currently affected by the electric service pricing mechanism include 2 draglines, 2 lift pumps, 1 pit pump and 2 booster pumps all fed from PEF's District Line Substation.

**Note: Question 5 is the same as Question 3 given to Mosaic.*

- Q6. For the most recent 12-month period, please supply the total dollar amount that PEF paid to TECO for the covered load pursuant to paragraph 4(b)?**

PEF and TECO Answer: TECO bills PEF on a quarterly basis. For the most recent 12-month period (August 1, 2009 through July 31, 2010), PEF has paid TECO \$39,532.16.

Q7. For the past five years under the terms of the current Settlement Agreement, what services did TECO provide to PEF and/or Mosaic?

PEF Answer: Please see TECO's response below. Under the settlement agreement, for the loads covered by the agreement, PEF has provided electric service to Mosaic.

TECO Answer: For the past five years under the terms of the current Settlement Agreement, Tampa Electric has provided no direct services to Mosaic. The benefits to the parties have been in the form of Tampa Electric's forbearance from providing service to the associated Mosaic Mobile Facilities when they are on Tampa Electric's side of the territorial boundary between Tampa Electric and PEF. The forbearance has also enabled Mosaic to avoid having to switch electric utility providers each time its Mobile Facilities cross the boundary line separating PEF's and Tampa Electric's service territories. This arrangement has allowed PEF to continue serving Mosaic's Mobile Facilities and to avoid the effort involved in disconnecting from that load and reconnecting when the Mobile Facility returns to PEF's service territory, thus avoiding the expense and confusion for Mosaic, PEF and Tampa Electric.

Q8. For the next five years under the terms of the current Settlement Agreement, what services will TECO expect to provide to PEF and/or Mosaic?

PEF Answer: Please see TECO's response below. For the remainder of the agreement or to the time that the Mobile Facilities currently affected by the Settlement Agreement are no longer operating in TECO's service territory or are no longer served by PEF, PEF will continue to provide electric service to Mosaic.

TECO Answer: Tampa Electric does not expect to provide direct services to PEF or Mosaic for the Mobile Facilities currently covered by the settlement agreement for the next five years. However, the benefits described in response to Question 2 will continue to flow to the parties if the Settlement Agreement is extended.

Q9. Please explain whether TECO or PEF reads the meter(s) that serve the electric load covered as described in paragraph 2 of the settlement.

PEF and TECO Answer: PEF reads the meter(s) that serve the electric load covered as described in paragraph 2 of the settlement. Tampa Electric has viewing access to this metering data.