

VOTE SHEET

SEPTEMBER 23, 1997

RE: DOCKET NO. 970171-EU - Determination of appropriate cost allocation and regulatory treatment of total revenues associated with wholesale sales to Florida Municipal Power Agency and City of Lakeland by Tampa Electric Company.

Issue 1: Does the off-system sale agreement to the Florida Municipal Power Agency provide net benefits to Tampa Electric Company's general body of rate payers?

Primary Recommendation: There are no net benefits because the Stipulation approved in Order PSC-96-1300-S-EI requires capital costs and revenues of these sales to be separated. The net benefits cited by TECO in this docket are derived solely from crediting non-fuel revenues from the sales to retail operating revenues.

MODIFIED

The sales are covered by the Stipulation, which requires them to be separated.

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures: Lucia, Susan Clark, Jerry Dean, and another signature]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

09754 SEP 24 5

FPSC-RECORDS/REPORTING

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Alternative Recommendation: Yes, if the stipulation does not apply, provided that TECO's projection of incremental costs and revenues are realized over the period of the contract, and the revenues are credited as described in the Alternative Recommendation on Issues 2 and 3.

DENIED

Issue 2: How should the non-fuel revenues and costs associated with Tampa Electric Company's wholesale schedule D sales to the Florida Municipal Power Agency be treated for retail regulatory purposes?

Primary Recommendation: The Stipulation entered into by the parties to Docket No. 960409-EI requires that the capital and O&M costs be separated at average embedded cost, consistent with the methodology used in TECO's 1992 rate case. This treatment should be applied retroactively since the inception of the sale in December 1996.

no vote was taken on this issue. It is moot.

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Alternative Recommendation: Because the impact on ratepayers depends on the treatment of revenues, alternative staff recommends the following regulatory treatment for the non-fuel costs and revenues:

- Retain all costs associated with the FMPA sale in the retail jurisdiction.
- Incremental SO₂ allowance revenues should be credited back through the Environmental Cost Recovery Clause. Any SO₂ allowance revenue shortfalls should be trued-up using "below-the-line" operating revenues.
- Transmission revenues should be credited to the Capacity Cost Recovery Clause.
- O&M revenues should be included in operating revenues.
- All remaining revenues should be credited to the Capacity Cost Recovery Clause.
- If additional plant capacity is added prior to the end of the FMPA sale, revenues equal to the FMPA sale's cost contribution of the new plant should be imputed to operating revenues from "below-the-line."

Any decision reached by the Commission should be applied retroactively since the inception of the sale in December 1996.

(no vote)

Issue 3: How should the fuel revenues and costs associated with Tampa Electric Company's wholesale Schedule D sales to the Florida Municipal Power Agency be treated for retail regulatory purposes?

Primary Recommendation: The Stipulation approved in Docket No. 960409-EI requires TECO to separate the non-fuel revenues and costs for these wholesale sales. Therefore, as discussed in the primary staff analysis of Issue 1 (see staff's July 24, 1997 memorandum), there can be no net benefits. In accordance with Order No. PSC-97-0262-FOF-EI, average system fuel costs should be credited to the Fuel Clause.

MODIFIED

Incremental revenues will be credited to cover incremental fuel costs above the line.

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Alternative Recommendation: TECO should credit its Fuel Clause with an amount equal to the system incremental fuel cost resulting from the FMPA sales. The system incremental fuel cost should be determined using TECO's as-available energy cogeneration fuel expense methodology based on the actual MW block size for the FMPA sales during each hour. In addition, TECO should be required to make up any revenue shortfalls throughout the term of the FMPA sale by crediting its Fuel Clause using "below-the-line" operating revenues.

DENIED

Issue 4: Does the off-system sale agreement to the City of Lakeland provide net benefits to Tampa Electric Company's general body of rate payers?

Primary Recommendation: There are no net benefits because the Stipulation approved in Order PSC-96-1300-S-EI requires capital costs and revenues of these sales to be separated and the net benefits cited by TECO in this docket are derived solely from crediting non-fuel revenues from the sales to retail operating revenues.

MODIFIED

The sales are covered by the stipulation, which requires them to be separated.

Alternative Recommendation: Yes. If the stipulation does not apply, provided TECO's projection of incremental costs and revenues are realized over the period of the contract, and the revenues are credited as described in alternative recommendations 5 and 6.

DENIED

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Issue 5: How should the non-fuel revenues and costs associated with Tampa Electric Company's wholesale schedule D sales to the City of Lakeland be treated for retail regulatory purposes?

Primary Recommendation: The Stipulation entered into by the parties to Docket No. 960409-EI requires that the capital and O&M costs be separated at average embedded cost, consistent with the methodology used in TECO's 1992 rate case. This treatment should be applied retroactively since the inception of the sale in November 1996.

No vote was taken on this issue. It is moot.

Alternative Recommendation: Because the impact on ratepayers depends on the treatment of revenues, staff recommends the following regulatory treatment for the non-fuel costs and revenues:

- Retain all costs associated with the Lakeland sale in the retail jurisdiction.
- Incremental SO₂ allowance revenues should be credited back through the Environmental Cost Recovery Clause.
- Transmission revenues should be credited to the Capacity Cost Recovery Clause.
- O&M revenues should be included in operating revenues.
- All remaining revenues should be credited to the Capacity Cost Recovery Clause.

Any decision reached by the Commission should be applied retroactively since the inception of the sale in November 1996.

(no vote)

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Issue 6: How should the fuel revenues and costs associated with Tampa Electric Company's wholesale schedule D sales to the City of Lakeland be treated for retail regulatory purposes?

Primary Recommendation: The Stipulation approved in Docket No. 960409-EI requires TECO to separate the non-fuel revenues and costs for these wholesale sales. Therefore, as discussed in the primary staff analysis of Issue 1, there can be no net benefits. In accordance with Order No. PSC-97-0262-FOF-EI, average system fuel costs should be credited to the Fuel Clause.

MODIFIED See vote in 3.

Alternative Recommendation: TECO should credit its Fuel and Purchased Power Cost Recovery Clause with an amount equal to the system incremental fuel cost resulting from the Lakeland sales. The system incremental fuel cost should be determined using TECO's as-available cogeneration fuel expense methodology based on the actual MW block size for the Lakeland sales during each hour. In addition, TECO should be required to make up any revenue shortfalls throughout the term of the FMPA sale by crediting its Fuel Clause using "below-the-line" operating revenues.

DENIED

Issue 7: How should the transmission revenues and costs associated with Tampa Electric Company's wholesale sales to the Florida Municipal Power Agency and the City of Lakeland be treated for retail regulatory purposes?

Primary Recommendation: Pursuant to the Stipulation in Docket No. 960409-EI, transmission costs and revenues, like other non-fuel revenue, would accrue to the wholesale side.

no vote was taken on this issue.
it is moot.

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Alternative Recommendation: TECO should credit all transmission revenues to the Capacity Cost Recovery Clause. Transmission revenues should be based on TECO's FERC approved tariff rates.

(no vote)

Issue 8: Will the Commission's treatment of the City of Lakeland and Florida Municipal Power Agency wholesale sales have an impact on Tampa Electric Company's refund obligation under the stipulation in Docket No. 950379-EI, Order No. PSC-96-0670-S-EI, approved by the Commission?
Recommendation: TECO's obligation to refund per the above referenced Order will not be changed by the Commission's treatment of these sales. However, the amount of the refund could be impacted. If the sales are separated, the amount of the potential refund could be increased. On a non-separated basis and if the revenues are higher than the expenses of the sales, the amount of the potential refund could be increased. On a non-separated basis and if the expenses are higher than the revenues, the amount of the potential refund could be decreased.

No vote was taken on this issue. It is moot.

Issue 9: Decided at the 8/5/97 Commission Conference.

no vote.

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Issue 10: Should this docket be closed?

Recommendation: Yes. This docket should be closed.

APPROVED