

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

#### June 2, 1998

#### HAND DELIVERED

Ms. Blanca S. Bayo, Director Division of Records and Reporting Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

> Re: Petition for Approval of Commercial/Industrial Service Rider by Tampa Electric Company

Dear Ms. Bayo:

2 horas

Enclosed for filing in the above-styled matter are the original and fifteen (15) copies of Tampa Electric Company's Petition for Approval of Commercial/Industrial Service Rider.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley ACK \_\_\_\_\_ AFA \_ JDB/pp APP \_ Enclosures CAF \_\_\_\_\_ CMU \_\_\_\_\_ CTR \_\_\_\_\_ **RECEIVED & FILED** EAG LEQ \_\_\_\_\_ FPSC-BUREAU OF RECORDS LIN \_\_\_\_\_ 020 ROH \_\_\_\_ 8E0 \_\_\_\_ WAS \_\_\_\_\_ A-...

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#### BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Petition for Approval ) of Commercial/Industrial ) Service Rider by Tampa Electric Company

and the second

DOCKET NO. <u>980706-EI</u> FILED: June 2

#### PETITION

Tampa Electric Company ("Tampa Electric" or "the company") files this its Petition for Approval of Commercial/Industrial Service Rider, and in support thereof says:

1. Tampa Electric is an investor-owned electric utility operating under the jurisdiction of this Commission and serving retail Customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties. The company's principal offices are located at 702 North Franklin Street, Tampa, Florida 33602.

2. The persons to whom all notices and other documents should be sent in connection with this docket are:

| Mr. Lee L. Willis          | Ms. Angela L. Llewellyn |
|----------------------------|-------------------------|
| Mr. James D. Beasley       | Regulatory Specialist   |
| Ausley & McMullen          | Tampa Electric Company  |
| Post Office Box 391        | Post Office Box 111     |
| Tallahassee, Florida 32302 | Tampa, Florida 33601    |

3. In this petition, Tampa Electric seeks approval of certain Original Tariff Sheets, which are listed in Exhibit "A" attached, and which entail the opening of a new, experimental optional Commercial/Industrial Service Rider ("CISR").

4. In August, 1995 Tampa Electric filed for Commission approval of a similar type of service but withdrew its tariff request in December of that year. Gulf Power also filed for a

DOCUMENT NUMBER - DATE

05947 JUN-28 FFEC-RECORDA/REPORTING similar service in September, 1995 which, with certain revisions, was approved by the Commission on September 3, 1996. Tampa Electric's instant filing seeks to gain approval of a CISR which is substantially the same as that which was approved for Gulf Power.

5. As was true when Tampa Electric originally filed for its requested CISR, the company faces pressure to competitively price its electric service for some of its existing and new large commercial and industrial Customers. These Customers are typically large in size or national in scope, which gives them experience with many electric utilities in different state jurisdictions. Through experience they become aware of varying price levels and alternative pricing arrangements and often comparison shop among potential new or expanded business sites. One of the critical elements that many of these businesses factor into their decisions to expand and/or relocate is electric power cost.

6. The communities served by Tampa Electric benefit from the retention of an existing business that would otherwise consider relocating outside those communities, as well as from the new location or expansion of a large business within those communities because of the favorable effects on employment and tax base. Tampa Electric's other Customers are likewise benefitted from increased and/or retained electric sales across which to spread fixed costs, which sales can ultimately result in lower rates than would otherwise be necessary for the remaining Customers.

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7. Communities often provide business economic development incentives through tax abatements, reduced or waived impact fees and special arrangements for utilities and road improvements. In addition, those communities and their economic development arms seek to partner with local firms to fashion the best package possible in order to retain/attract large commercial and industrial businesses. Tampa Electric needs the flexibility to participate in these efforts so as to be able to make adjustments in standard arrangements, when they are required.

8. In this petition, Tampa Electric seeks approval for its experimental optional CISR tariff, to be applicable to Customers on non-residential rate schedules who represent its largest and most at-risk Customers. The CISR would provide the flexibility needed to enable Tampa Electric to provide an arrangement with Customers who can show they have viable alternatives to receiving their electric power supply from the company. This rider will give Tampa Electric the ability, within the parameters specified in the rider, to seek alternative pricing solutions which are economic for the general body of ratepayers, the company and the specific Customer and which result in the Customer being served by Tampa Electric. In this way, such a Customer will provide a contribution to fixed cost recovery and have a positive effect on the other Customers of the company.

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9. The rate offered to individual Customers under the CISR may take the form of lower Demand and/or Energy Charges. The rate offered may also take the form of a rate guarantee for a specific time period.

10. The CISR would be applicable to both new and existing commercial/industrial service. For new load applications, a minimum level of 1000 kW of connected demand would be required. For existing service, two minimum levels of applicable billing demand would be established (the greater of 500 Kw or 20% of the highest metered demand in the past 12 months for Customers of less than 10,000 Kw and 2000 Kw for Customers of greater than 10,000 Kw). These minimums will assure that when the rider is deemed applicable to a partial load, such load will be of sufficient size to be significant to the Customer and the company.

11. This experimental rider is requested to be made available for a maximum of twenty five (25) Contract Service Arrangements (CSAs) or 300 MW's of load (whichever is reached first) and new CSAs may be entered into under the rider for a maximum period of 48 months from the time it is first made effective.

12. Tampa Electric is requesting that the CISR be made effective on January 1, 2000. This date is the first day after the period covered by the company's deferred revenue stipulation approved by the Commission on October 24, 1996 in Order No. PSC-96-1300-S-EI in Docket No. 960409-EI. Because Tampa Electric is

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requesting that the CISR be made effective after the period covered by the stipulation, there will be no issues related to the application of the stipulation to this filing. Tampa Electric is requesting that the CISR tariff be approved now even though its requested effective date is later to enable negotiations and agreements to be reached with Customers in advance of providing service. Such a lead time reflects commercial reality and the time required by Customers to plan their future facilities, secure financing and complete construction in order to take service.

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Certain requirements would be imposed on the Customer in 13. order to receive service under this optional rider. First, the Customer must provide an affidavit to the effect that, but for the application of the CISR, the load subject to the rider would have been provided by a source other than Tampa Electric's system. Second, the Customer must provide such documentation as the company may request demonstrating to the company's satisfaction that a viable lower cost alternative to the taking of electric service from the company does exist. Third, an existing Customer must agree to provide a recent energy audit of the Customer's physical facility (or request that Tampa Electric conduct such an audit) identifying energy efficiency improvements which could be made to reduce the Customer's cost of energy. This information will enable the company to help the Customer reduce its existing electric costs and determine whether there is a basis for price negotiation under

- 5 -

the rider.

14. In return for the new CISR price, the Customer would be required to sign a CSA substantially in the form of Exhibit "A" setting forth the specific agreement which has been reached, including the Customer's commitment to take its full electric power requirements at agreed upon service locations from the company for a minimum term. This commitment is important in order to assure that the benefits to the Customer of the pricing arrangement are realized over a long enough term to provide concomitant benefits to Tampa Electric and its other Customers.

15. This filing requests that the CISR be an experimental, optional tariff. As with the Gulf Power CISR, Tampa Electric is providing a proposed "Pilot Study Implementation Plan" which is shown in Exhibit "B". This plan follows closely the Gulf Power Implementation Plan filed approved with their CISR with one enhancement. In Tampa Electric's proposed plan a Commission prudence review may be requested by the company subsequent to entering into a CSA and, should a Commission review of a CSA find that CSA to have been prudent then that CSA would no longer be reported on the separate sheet of the monthly surveillance report. Tampa Electric requests that the Commission find that this plan is appropriate for implementation of the Tampa Electric's CISR during its 48 month term.

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WHEREFORE, Tampa Electric requests that this Commission consent to the application of the proposed tariff sheets for the Commercial/Industrial Service Rider and Tariff Agreement for the Provision of Service Under the Commercial/Industrial Service Rider as set forth in Exhibit "A" and the Pilot Study Implementation Plan as set forth in Exhibit "B".

DATED this 2nd day of June, 1998.

Respectfully submitted,

LEF L. WILLIS JAMES D. BEASLEY Ausley & McMullen Post Office Box 391 Tallahassee, FL 32302 (850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY



# Exhibit A

## **ORIGINAL SHEET NO. 6.700**

#### **Commercial / Industrial Service Rider**

#### SCHEDULE: CISR

**AVAILABLE**: Entire Service Area. Available, at the Company's option, to nonresidential customers currently taking firm service or qualified to take firm service under the Company's Tariff Schedules GSD, GSDT, GSLD or GSLDT. Customers desiring to take service under this rider must make a written request for service. Such request shall be subject to the Company's approval with the Company under no obligation to grant service under this rider. Service under this rider may not begin before January 1, 2000. Resale not permitted.

This rider will be closed to further subscription by eligible customers when one of the three conditions has occurred: (1) The total capacity subject to executed Contract Service Arrangements ("CSAs") reaches 300 megawatts of connected load; (2) The Company has executed twenty-five (25) CSAs with eligible customers under this rider, or (3) Forty-eight months has passed from the initial effective date. The period defined by these conditions is the pilot study period. This limitation on subscription can be removed by the Commission at any time upon good cause having been shown by the Company based on data and experience gained during the pilot study period.

Tampa Electric is not authorized by the Florida Public Service Commission to offer a CSA under this rate schedule in order to shift existing load currently being served by a Florida electric utility pursuant to a tariff rate schedule on file with the Florida Public Service Commission away from that utility to Tampa Electric.

<u>APPLICABLE</u>: Service provided under this optional rider shall be applicable to all, or a portion of the customer's existing or projected electric service requirements which the customer and the Company have determined, but for the application of this rider, would not be served by the Company and which otherwise qualifies for such service under the terms and conditions set forth herein ("Applicable Load"). Two categories of Applicable Load shall be recognized: Retained Load (existing load at an existing location) and New Load (all other Applicable Load).

Applicable Load must qualify for and be served behind a single meter and must exceed a minimum level of demand determined from the following provisions:

Continued to Sheet No. 6.710

**ISSUED BY:** J. B. Ramil, President

## **ORIGINAL SHEET NO. 6.710**

#### Continued from Sheet No. 6.700

Retained Load: For Customers whose highest metered demand in the past 12 months was less than 10,000 KW, the minimum Qualifying Load would be the greater of 500 KW or 20% of the highest metered demand in the past 12 months; or

For Customers whose highest metered demand in the past 12 months was greater than or equal to 10,000 KW, the minimum Qualifying Load would be 2,000 KW.

New Load: 1,000 KW of installed, connected demand.

Any customer receiving service under this Rider must provide the following documentation, the sufficiency of which shall be determined by the Company:

- 1. Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of this rider to the New or Retained Load, such load would not be served by the Company;
- 2. Such documentation as the Company may request demonstrating to the Company's satisfaction that there is a viable lower cost alternative (excluding alternatives in which the Company has an ownership or operating interest) to the customer's taking electric service from the Company; and
- 3. In the case of existing customer, an agreement to provide the Company with a recent energy audit of the customer's physical facility (the customer may have the audit performed by the Company at no expense to the customer) which provides sufficient detail to provide reliable cost and benefit information on energy efficiency improvements which could be made to reduce the customer's cost of energy in addition to any discounted pricing provided under this rider.

**<u>CHARACTER OF SERVICE</u>**: This optional rider is offered in conjunction with the rates, terms and conditions of the tariff under which the customer takes service and affects the total bill only to the extent that negotiated rates, terms and conditions differ from the rates, terms and conditions of the otherwise applicable rate schedules as provided for under this rider.

Continued to Sheet No. 6.720

**ISSUED BY: J. B. Ramil, President** 

#### **ORIGINAL SHEET NO. 6.720**

### Continued from Sheet No. 6.710

**MONTHLY CHARGES**: Unless specifically noted in this rider or within the CSA, the charges assessed for service shall be those found within the otherwise applicable rate schedules.

Additional Customer Charges: \$250.00

#### **Demand/Energy Charges:**

The negotiable charges under this rider may include the Demand and/or Energy Charges as set forth in the otherwise applicable tariff schedule. The specific charges, or procedure for calculating the charges, under this rider shall be set forth in the negotiated CSA and shall recover all incremental costs the Company incurs in serving the customer plus a contribution to the Company's fixed costs.

## Provisions and/or Conditions Associated with Monthly Charges:

Any negotiated provisions and/or conditions associated with the Monthly Charges shall be set forth in the CSA and may be applied during all or a portion of the term of the CSA. These negotiated provisions and/or conditions may include, but are not limited to, a guarantee by the Company to maintain the level of either the Demand and/or Energy charges negotiated under this rider for a specified period, such period not to exceed the term of the CSA.

**SERVICE AGREEMENT**: Each customer shall enter into a sole supplier CSA with the Company to purchase the customer's entire requirements for electric service at the service locations set forth in the CSA. For purposes of the CSA "the requirements for electric service" may exclude certain electric service requirements served by the customer's own generation as of the date shown on the CSA. The CSA shall be considered a confidential document. The pricing levels and procedures described within the CSA, as well as any information supplied by the customer through an energy audit or as a result of negotiations or information requests by the Company and any information developed by the Company in connection therewith, shall be made available for review by the Commission and its staff only and such review shall be made under the confidentiality rules of the Commission.

Continued from Sheet No. 6.710

**ISSUED BY: J. B. Ramil, President** 

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## Original Sheet No. 6.730

## Continued from Sheet No. 6.720

The service agreement, its terms and conditions, and the applicability of this rider to any particular customer or specific load shall be subject to the regulations and orders of the Commission.

**ISSUED BY:** J. B. Ramil, President

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## THIRTEENTH REVISED SHEET NO. 7.010 CANCELS TWELFTH REVISED SHEET NO. 7.010

## INDEX STANDARD FORMS

| DESCRIPTION OF FORM   | <u>SHEET NO.</u> |
|---|------------------|
| Tariff Agreement for the Purchase of Interruptible Service  | 7.100            |
| Street Lighting Contract  | 7.200            |
| Outdoor Lighting Agreement - Overhead   | 7.300            |
| Outdoor Lighting Agreement - Underground  | 7.400            |
| Premium Outdoor Lighting Agreement  | 7.450            |
| Tariff Agreement for the Provision of Load Management Service   | 7.510            |
| Tariff Agreement for the Provision of Standby Generator Transfer<br>Service                               | 7.550            |
| Tariff Agreement for the Purchase of Firm Standby and Supplemental Service                                | 7.600            |
| Tariff Agreement for the Purchase of Interruptible Standby and Supplemental Service                       | 7.650            |
| State of Florida Department of Transportation - Tri-Partite Joint Project Agreement                       | 7.700            |
| Contract Service Arrangement for the Provision of Service Under the Commercial / Industrial Service Rider | 7.750            |
|   |                  |
|   |                  |
|   |                  |

ISSUED BY: J. B. Ramil, President

**ORIGINAL SHEET NO. 7.750** 

# CONTRACT SERVICE ARRANGEMENT FOR THE PROVISION OF SERVICE UNDER THE COMMERCIAL / INDUSTRIAL SERVICE RIDER

This Contract Service Arrangement ("Agreement") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, by and between \_\_\_\_\_, (hereinafter called in the "Customer") and Tampa Electric Company, a Florida corporation (hereinafter called the "Company").

#### WITNESSETH:

WHEREAS, the Company is an electric utility operating under Chapter 366, Florida Statutes, subject to the jurisdiction of the Florida Public Service Commission or any successor agency thereto (hereinafter called the "Commission"); and

WHEREAS, the Customer is \_\_\_\_\_; and

WHEREAS, the Customer can receive electric service from the Company under tariff schedule \_\_\_\_\_\_ at the service location described in Exhibit "A"; and

WHEREAS, the present pricing available under the Company's rate schedule is sufficient economic justification for the Customer to decide not to take electric service from the Company for all or a part Customer's needs; and

WHEREAS, the Customer has shown evidence and attested to its intention to not take electric service from the Company unless a pricing adjustment is made under the Company's Commercial / Industrial Service Rider ("CISR"); and

WHEREAS, the Company has sufficient capacity to serve the Customer at the aforementioned service location for the foreseeable future and for at least the following \_\_\_\_\_ month period; and

WHEREAS, the Company is willing to make a pricing adjustment for the Customer in exchange for a commitment by the Customer to continue to purchase electric energy exclusively from the Company at agreed upon service locations (for purposes of this Agreement, the "electric energy" may exclude certain electric service requirements served by the Customer's own generation as of the date of this Agreement);

**NOW THEREFORE**, in consideration of the mutual covenants expressed herein, the Company and Customer agree as follows:

Continue to Sheet No. 7.751

## **ORIGINAL SHEET NO. 7.751**

#### Continued from Sheet No. 7.750

- 1. <u>Rate Schedules</u> The Company agrees to furnish and the Customer agrees to take power pursuant to the terms and conditions of the Company's tariff, rate schedules \_\_\_\_\_\_ and CISR, as currently approved by the Commission or as said tariff and rate schedules may be modified in the future and approved by the Commission (except as described in Section 6 herein). The Customer agrees to abide by all applicable requirements of the tariff, rate schedules \_\_\_\_\_\_ and CISR, except to the extent specifically modified by this Agreement. Copies of the Company's currently approved rate schedules \_\_\_\_\_\_ and CISR are attached as Exhibit "B" and made a part hereof.
- 2. <u>Term of Agreement</u> This Agreement shall remain in force for a term of months commencing on the date above first written. During the last \_\_\_\_\_ months of the term hereof, the parties shall meet in good faith to negotiate an extension of this Agreement beyond the initial term. During this negotiation, each party hereto shall retain the absolute discretion to reject any pricing or other terms and conditions proposed by the other party hereto.
- 3. <u>Modifications to Tariff and Rate Schedule</u> See Exhibit "C" to this Agreement.
- 4. <u>Exclusivity Provision</u> During the term hereof, the Customer agrees to purchase from the Company the Customer's entire requirements for electric capacity and energy for its facilities and equipment at the service location(s) described in Exhibit A to this Agreement. The "entire requirements for electric capacity and energy" may exclude certain electric service requirements served by the Customer's own generation as of the date of this Agreement.
- 5. <u>Termination Fees and Provisions</u> See Exhibit "D" to this Agreement.
- 6. <u>Modification of Rate Schedule</u> In the event that any provision of any applicable rate schedules is amended or modified by the Commission in a manner that is material and adverse to one of the parties hereto, that party shall be entitled to terminate this Agreement, by written notice to the other party tendered not later than sixty (60) days after such

#### Continued to Sheet No. 7.752

ISSUED BY: J. B. Ramil, President

## **ORIGINAL SHEET NO. 7.752**

#### Continued from Sheet No. 7.751

amendment or modification becomes final and nonappealable, with such termination to become effective \_\_\_\_\_ days after receipt of such notice, whereupon service to the Customer shall revert to the otherwise applicable rate schedules available to the Customer.

- 7. <u>Entire Agreement</u> This Agreement supersedes all previous agreements and representations either written or oral heretofore made between the Company and the Customer with respect to the matters herein contained. This Agreement, when duly executed, constitutes the only agreement between the parties hereto relative to the matters herein described.
- 8. <u>Incorporation of Tariff</u> This Agreement incorporates by reference the terms and conditions of the Company's tariff, rate schedule \_\_\_\_\_\_ and CISR filed by the Company with, and approved by, the Commission, as amended from time to time. In the event of any conflict between this Agreement and such tariff or rate schedules (other than as set out in the CISR), the terms and conditions of this Agreement shall control.
- 9. <u>Notices</u> All notices and other communications hereunder shall be in writing and shall be delivered by hand, by prepaid first class registered or certified mail, return receipt requested, by courier or by facsimile, addressed as follows:

| If to the Company: | Tampa Electric Company<br>702 North Franklin Street<br>P.O. Box 111<br>Tampa, Florida 33601-0111<br>Facsimile:<br>Attention: |
|--------------------|--|
| with a copy to:    | Tampa Electric Company<br>702 North Franklin Street<br>P.O. Box 111<br>Tampa, Florida 33601-0111<br>Facsimile:<br>Attention: |

Continued to Sheet No. 7.753

**ISSUED BY: J. B. Ramil, President** 

**ORIGINAL SHEET NO. 7.753** 

|            | Continued from   | Sheet No. 7.752  |
|------------|--|--|
| lf to      | the Customer:  |  |
| with       | a copy to:   | Facsimile:<br>Attention:   |
| WILL       |  |  |
|            |  | Facsimile:<br>Attention:   |
|            | other communications shall be  | provided in this Agreement, all notices and<br>deemed effective upon receipt. Each party<br>te a different address for notices to it by  |
| 10.        | the benefit of and shall bind the<br>hereto. No assignment of any<br>hereunder shall have the effect<br>its obligations hereunder, and<br>liable and responsible therefore<br>delegation. Nothing in this Ag | eneficiaries - This Agreement shall inure to<br>e successors and assigns of the parties<br>rights or delegation of any obligations<br>t of releasing the assigning party of any of<br>the assigning party shall remain primarily<br>e notwithstanding any such assignment or<br>reement shall be construed to confer a<br>gnatory party hereto or such signatory<br>S. |
| 11.        | of the other party contained in<br>obligation or any breach of this<br>event constitute a waiver as to<br>future breach, whether similar   | arty may waive any or all of the obligations<br>this Agreement, but waiver of any<br>s Agreement by either party shall in no<br>o any other obligation or breach or any<br>or dissimilar in nature, and no such waiver<br>ng signed by the waiving party.  |
|            | Continued to S   | heet No. 7.754   |
| ISSUED BY: | J. B. Ramil, President   | DATE EFFECTIVE:  |

**ORIGINAL SHEET NO. 7.754** 

Continued from Sheet No. 7.753 Headings - The section and paragraph headings contained in the 12. Agreement are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this Agreement. Counterparts - This Agreement may be executed simultaneously in two or 13. more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Dispute Resolution - All disputes arising between the Customer and the 14. Company under this Agreement shall be finally decided by the Commission in accordance with the applicable rules and procedures of the Commission. Governing Law - This Agreement shall be construed and enforced in 15. accordance with the laws of the State of Florida. Confidentiality - The pricing levels and procedures described within this 16. Agreement, as well as any information supplied by the Customer through an energy audit or as a result of negotiations or information requests by the Company and any information developed by the Company in connection therewith is considered confidential, proprietary information of the parties. If requested, such information shall be made available for review by the Commission and its staff only and such review shall be made under the confidentiality rules of the Commission. Continued to Sheet No. 7.755

ISSUED BY: J. B. Ramil, President

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**ORIGINAL SHEET NO. 7.755** 

|   | Continued from Sheet No. 7.754 |  |
|---|--------------------------------|--|
| IN WITNESS WHEREOF, the Customer and the Company have executed this Agreement the day and year first above written. |                                |  |
| Vitnesses:  |                                |  |
|   | by:                            |  |
|   | lts:                           |  |
|   | Attest:                        |  |
| /itnesses:  | TAMPA ELECTRIC COMPANY         |  |
| ······································  | by:                            |  |
|   | lts:                           |  |
|   | Attest:                        |  |
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ISSUED BY: J. B. Ramil, President

Exhibit B

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Tampa Electric Company Commercial/Industrial Service Rider Pilot Study Implementation Plan

In order to give the Florida Public Service Commission ("FPSC") and Tampa Electric Company ("the Company") the opportunity to study the impacts of a trial implementation of the Company's proposed Commercial and Industrial Service Rider ("CISR") under "real world" conditions, the following conditions would be made part of the Pilot Study Implementation Plan:

- Sunset Provision: The CISR would be scheduled to be closed to further subscription by eligible customers when one of three conditions has occurred: (1) the total capacity subject to executed Contract Service Arrangements ("CSAs") reaches 300 megawatts of connected load; (2) the Company has executed twentyfive CSAs with eligible customers under the CISR; or (3) forty-eight months has elapsed from the date upon which the CISR is made effective by the FPSC (the requested made effective date is January 1, 2000). The period defined by these conditions is the Pilot Study Period. This sunset provision can be removed or revised by the Commission at any time upon good cause having been shown by the Company based on data achieved during the Pilot Study Period.
- Availability: In addition to other limitations on availability contained in the CISR, the Company would limit its use of the CISR so that a CSA will not be knowingly offered to a customer in order to shift existing load currently being served by a Florida electric utility away from that utility to service by Tampa Electric under the CISR.
- Approval Level: Before any CISR can be executed by the Company, it must first be reviewed and approved by a standing committee of Tampa Electric officers. Prior to execution, each CSA must be shown to produce a positive contribution to the Company's fixed costs. The incremental costs on which each CSA is evaluated shall be determined in a manner consistent with the method for identification and quantification of such costs for use in both the Company's evaluation of conservation and demand side management programs for cost effectiveness and the Company's selection of cost-effective supply side resources.
- Revenue Allocation: Any revenues received by the Company pursuant to a CSA shall be allocated first to the various applicable cost-specific recovery clauses so that the revenues associated with the respective cost recovery clauses for true-up purposes will be the same with the CSA as they would be without the CSA.

| Required Reports: | The Company will be required to file the following information with the |
|-------------------|---|
|                   | PSC in accordance with the PSC's procedures for handling confidential   |
|                   | information:  |

• the number of CSAs requested;

- the number of CSA prices quoted;
- the number of CSA requests which were canceled by a customer prior to price quotation;
- the number of CSA offers accepted;
- the number of CSA offers rejected;
- the number of CSA offers awaiting decision by customers;
- a brief description of all CSAs executed during the quarter, including the applicable rates, charges and contract period;
- for each CSA executed during the quarter, a summary of the justification for the offering; and
- on an annual basis, the cumulative total of revenues associated with all CSAs executed by the Company.

**Regulatory Review:** Each executed CSA shall be fully reviewed by the PSC under conditions that protect the confidentiality of proprietary information, either upon request of the Company or when either of two Triggering Events occur. One Triggering Event would be a request by the Company for a base rate increase. Another Triggering Event would be a review by the PSC resulting from the PSC's monthly surveillance reporting system discussed more fully in the following paragraph. This PSC review is to commence immediately following the request of the Company for review or the occurrence of a Triggering Event. The period for review shall be as long as necessary for the PSC's staff to conduct all reasonable discovery needed to evaluate the prudence of the Company execution of each CSA then in existence. For this review by the PSC, the Company will continue to have the burden of proof. At the conclusion of the regulatory review, if the Company has not demonstrated to the PSC's satisfaction that the Company's decision to enter into any particular CSA under review was a prudent choice made in the interests of the Company's general body of customers, then the difference between the revenues that would have been produced by the Company's standard tariff rates and the amount of the revenues that will be produced by the CSA which were deemed imprudent will be imputed to the Company as though this amount was actually received by the Company from the CSA customer and will be taken into account by the PSC with regards to any adjustment in the Company's base rates, whether in a rate case or in an over-earnings review as noted below. If the review results in the CSA being found prudent by the PSC, then no imputation will be made during the course of the period of the CSA and that CSA will no longer be reflected in the separate Surveillance reporting mechanism described below.

Upon execution of a CSA, the PSC's monthly surveillance reporting system will be enhanced to include a requirement that the Company shall identify and report, for all executed CSAs not yet reviewed and found to be prudent by the PSC, the difference between the revenues that would have been produced by the Company's standard tariff rates and the revenues that are produced by each executed CSA. This additional information will be set forth on a separate page so that the information can be filed subject to the Commission's procedures for handling confidential and proprietary information.. If the difference so reported, when added to the Company's actual revenues, would cause the Company's achieved jurisdictional return on equity ("ROE") to exceed the top of the Company's authorized range, the review by the Commission discussed above of the as yet unreviewed CSA's will be triggered. The amount of such identified difference that would cause the Company's achieved jurisdictional ROE to exceed the top of the Company's authorized range will be held subject to refund as possible over-earnings pending completion of the Commission's review.

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