

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Cargill
Fertilizer, Inc. To engage in a
pilot project for self service
wheeling to, from, and between
points within Tampa Electric
Company's service area.

DOCKET NO. 001048-EQ
ORDER NO. PSC-00-1596-TRF-EQ
ISSUED: September 6, 2000

The following Commissioners participated in the disposition of
this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PILOT PROGRAM FOR
SELF-SERVICE WHEELING

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein is preliminary in
nature and will become final unless a person whose interests are
substantially affected files a petition for a formal proceeding,
pursuant to Rule 25-22.029, Florida Administrative Code.

On August 3, 2000, Cargill Fertilizer, Inc. (Cargill)
petitioned the Commission for approval of an experimental program
pursuant to Section 366.075, Florida Statutes, for the self-service
wheeling of electricity between three locations within the service
territory of Tampa Electric Company (TECO). In its petition,
Cargill asked that its request be considered by the Commission on
an expedited basis. On August 7, 2000, TECO responded that it did
not object to providing self-service wheeling to Cargill on an
experimental basis.

Cargill operates two fertilizer plants and one phosphate
mining operation which are interconnected with TECO's transmission
grid. Each fertilizer plant has cogeneration facilities on site
with a combined generating capacity of approximately 100 MW. In
the petition, the fertilizer plants and mining location are

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referred to by their meter designations which are "New Millpoint", "Ridgewood Master", and "Hookers Prairie Mine", respectively. The Ridgewood Master facility is directly interconnected to the Hookers Prairie Mine via a 69 kV transmission line owned and operated by Cargill. After serving all internal loads and meeting the requirements of a firm power sales agreement with Florida Power Corporation (15 MW), Cargill normally has excess power to deliver to TECO or other utilities on the wholesale market. The New Millpoint plant receives stand-by interruptible service from TECO under the SBIT-3 tariff. The Ridgewood Master facility receives stand-by interruptible service from TECO under the SBIT-1 tariff. The Hookers Prairie Mine receives interruptible service pursuant to TECO's IST-1 tariff.

In its petition, Cargill requests that TECO provide self-service wheeling service to Cargill to, from, and between these three locations as a pilot project approved by the Commission. TECO has no objection to providing such service on an experimental basis under its Open Access Transmission Tariff, filed at the Federal Energy Regulatory Commission (FERC), and under Sections 366.051 and 366.075, Florida Statutes. This experiment of limited scope and duration is unbundled transmission service provided to a single retail customer. Pursuant to its Order 888, the FERC asserts that it has jurisdiction to establish the rate for this type of service. TECO agrees to provide such service until its next full revenue requirements rate case. Both Cargill and TECO agree that the provisions of self-service wheeling on an experimental basis will allow both parties to better understand the costs and benefits of the provision of self-service wheeling to TECO's customers.

Cargill requested expedited Commission action on its petition based on hardship that arose after the filing of its petition. Cargill had been forced to call on TECO for backup power to replace self-service generation that went off-line at the New Millpoint plant. TECO did not have sufficient capacity available on its system, so Cargill was faced with purchasing buy-through power at a market price much higher than the SBIT-3 tariff rate. The only other option to Cargill was to reduce internal power consumption at the New Millpoint site. The requested relief would allow Cargill to self-service wheel additional power from the Ridgewood Master site to the New Millpoint site.

Section 366.051, Florida Statutes, authorizes the Commission to approve self-service wheeling and states:

...Public utilities shall provide transmission or distribution service to enable a retail customer to transmit electrical power generated by the customer at one location to the customer's facilities at another location, if the commission finds that the provision of this service, and the charges, terms, and other conditions associated with the provision of this service, are not likely to result in higher cost electric service to the utility's general body of retail and wholesale customers or adversely affect the adequacy or reliability of electric service to all customers...

Section 366.075(1), Florida Statutes, authorizes experimental and transitional rates to encourage energy conservation or efficiency and states:

The commission is authorized to approve rates on an experimental or transitional basis for any public utility to encourage energy conservation or to encourage efficiency. The application of such rates may be for limited geographic areas and for a limited period.

We agree that Cargill's request for self-service wheeling, on an experimental basis, may benefit both Cargill and TECO. Cargill will be able to manage its own resources more effectively. TECO may have additional energy to sell into the wholesale market with the revenues currently credited to TECO's ratepayers through the fuel adjustment clause. Further, wholesale power price volatility may be mitigated in part if TECO has additional generating capacity to sell when a Regional Transmission Organization is formed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Cargill's request for self-service wheeling to, from, and between the locations described in this Order is approved on an experimental basis. It is further

ORDERED that the experiment be initially limited to two years or until TECO's next full rate case, whichever comes first, to prevent the experiment from continuing indefinitely thereby becoming a "permanent" program. It is further

ORDERED that TECO shall provide the Commission with quarterly reports that identify the costs and revenues associated with this

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experimental program, and that we may revisit the approval of this experiment at any time if there appears to be an adverse financial or reliability impact to TECO's ratepayers. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission this 6th day of September, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

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Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 27, 2000.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.