

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of Allied Universal)
Corporation and Chemical Formulators,)
Inc. against Tampa Electric Company)
for violation of Sections 366.03,)
366.06(2) and 366.07, Florida Statutes,)
with respect to rates offered under)
Commercial/Industrial Service Rider tariff;)
petition to examine and inspect confidential)
information; and request for expedited)
relief.)
_____)

Docket No. 000061-EI

REBUTTAL TESTIMONY

OF

JAMES W. PALMER

ON BEHALF OF

ALLIED UNIVERSAL CORPORATION

AND

CHEMICAL FORMULATORS, INC.

January 22, 2001

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

1 **Q. Please state your name, address and business affiliation.**

2 A. My name is James W. Palmer. I am the General Manager and Chief
3 Operating Officer of Allied Universal Corporation ("Allied"). My business
4 address is 8350 N.W. 93rd Street, Miami, Florida 33166-2098.

5 **Q. On whose behalf are you testifying?**

6 A. I am testifying on behalf of Allied and its Tampa affiliate, Chemical
7 Formulators, Inc. ("CFI").

8 **Q. Have you previously submitted any testimony in this proceeding or in**
9 **any other proceeding before this Commission?**

10 A. No, I have not.

11 **Q. Please summarize your educational background and work experience.**

12 A. I received a Bachelor of Science degree in Chemistry from the University of
13 Evansville in 1981. I have over 20 years of experience in the chlor-alkali
14 industry.

15 **Q. What is the purpose of your rebuttal testimony?**

16 A. The purpose of my rebuttal testimony is to respond to the direct testimony of
17 TECO witness Lawrence W. Rodriguez and the supplemental testimony of
18 TECO witness William R. Ashburn concerning the rates offered to
19 Allied/CFI by Mr. Rodriguez on behalf of TECO in September and October,
20 1999.

21 **Q. Mr. Rodriguez's testimony states (at page 7, lines 17 to 19) that on**
22 **September 22, 1999 he met with Allied's CEO, Mr. Namoff, and offered**

1 an (initial) CISR tariff rate of [REDACTED] cents/kWh, including gross receipts
2 tax, for service to Allied/CFI's proposed new chlor-alkali manufacturing
3 plant in Tampa. Were you present at that meeting?

4 A. Yes, and that is the rate he offered. Mr. Rodriguez's memo dated 9/22/99,
5 produced by TECO in response to Allied/CFI's document request no. 7 as
6 page 52 of 124 and Bates stamped 1780-A, notes that I was present at that
7 meeting.

8 Q. Mr. Rodriguez's testimony goes on to state (at page 7, lines 22 to 24) that
9 Mr. Namoff stated at that meeting that Allied/CFI wanted the same rate
10 that Odyssey had been given. Is that correct?

11 A. Yes, it is. What is omitted from Mr. Rodriguez's testimony on this point is
12 the core of his reply to Mr. Namoff's demand.

13 Q. What was Mr. Rodriguez's reply to Mr. Namoff's demand for the same
14 rate that Odyssey had been given?

15 A. Mr. Rodriguez said that Odyssey's rate had been closed out for some time
16 and that it could no longer be offered by TECO. Mr. Namoff then asked Mr.
17 Rodriguez how long had Odyssey's rate been closed out, because he had been
18 working on getting that rate for six months; Mr. Rodriguez's answer was:
19 "Well you missed it by more than six months." It was clear to us that the rate
20 we had been offered by Mr. Rodriguez was higher than the rate Odyssey had
21 been given, for the same kind of manufacturing plant with the same kind of
22 service requirements.

1 **Q. Mr. Ashburn's supplemental testimony attempts to correct TECO's**
2 **statement of the rates it offered to Allied/CFI from those stated in Mr.**
3 **Rodriguez's letter of October 18, 1999 to Mr. Namoff. Were TECO's**
4 **"recounted" rates ever mentioned by Mr. Rodriguez?**

5 **A. No. We had no idea that TECO had not even figured out what its own rates**
6 **were, when those rates were finally offered to us by Mr. Rodriguez in writing**
7 **almost six months after we first asked for them in May 1999. Apparently**
8 **none of TECO's people could figure out what they now claim that those rates**
9 **really were until a year after they made their written offer to us. However,**
10 **the purportedly mistaken assumption that they now claim as the reason for**
11 **the recount was specifically discussed with Mr. Rodriguez at the meeting on**
12 **September 22, 1999: namely, what hours of the day that the plant would be**
13 **in operation, and how adjusting those hours could lower our rate.**

14 **Q. What was discussed with Mr. Rodriguez at the meeting on September 22,**
15 **1999 concerning lower rates for service during off-peak hours?**

16 **A. After Mr. Rodriguez had told us that Odyssey's rate was no longer available**
17 **and that [REDACTED] cents/kWh was the lowest rate TECO could offer us, he said that**
18 **the only way we could lower that rate was by running the plant more at night**
19 **when the lower off-peak rates were in effect. We explained to him again that**
20 **the plant is designed to run 24/7 (as is stated in Confidential Exhibit**
21 **____(RMN-7), Mr. Namoff's letter of June 21, 1999 to Mr. Rodriguez) and**
22 **that we could not run it only or primarily at night. That was the end of the**

1 discussion on that point, and Mr. Rodriguez never explained how the off-
2 peak rates were factored into the rate TECO was offering.

3 **Q. Can you confirm the accuracy of TECO's recounting of the rate it**
4 **offered to Allied/CFI?**

5 A. No. Allied/CFI was never given the information by TECO concerning what
6 hours its on-peak and off-peak rates were in effect, that would be needed to
7 make that calculation.

8 **Q. Can you summarize the results of the September 22, 1999 meeting with**
9 **Mr. Rodriguez?**

10 A. Yes. It was clear to us that the rate that TECO was finally offering to us, five
11 months after we had asked them for Odyssey's rate, would put us at a
12 competitive disadvantage with Odyssey; and that the reason we were given
13 by TECO for being put at a competitive disadvantage with Odyssey was that
14 we had waited too long to ask for Odyssey's rate and that TECO could no
15 longer offer that rate to any new customer.

16 **Q. Does this conclude your rebuttal testimony?**

17 A. Yes.

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