

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 130037-EI

PETITION FOR APPROVAL OF SPECIAL
CONTRACT BY TAMPA ELECTRIC COMPANY.

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PROCEEDINGS: COMMISSION CONFERENCE
ITEM NO. 11

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, March 5, 2013

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
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FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER-DATE

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1 **P R O C E E D I N G S**

2 **CHAIRMAN BRISÉ:** Moving on to Item Number
3 11.

4 **MS. DRAPER:** Commissioners, Elizabeth
5 Draper with staff.

6 Item 11 is a request by Tampa Electric for
7 approval of a special contract with a new
8 manufacturing firm that is considering locating in
9 the Tampa area. TECO has requested that the name of
10 the customer and the term of the contract be treated
11 as confidential information.

12 Staff has reviewed the proposed contract
13 and believes that the charges contained in the
14 contract are reasonable and should be approved.

15 Again, Tampa Electric is here to speak,
16 and I see OPC is at the table, too.

17 **CHAIRMAN BRISÉ:** Okay. Commissioner
18 Brown.

19 **COMMISSIONER BROWN:** Thank you, Mr.
20 Chairman.

21 Ms. Draper, on Page 4 of your
22 recommendation, the full third paragraph halfway
23 down -- no, actually, first sentence, sorry, you
24 state that staff believes that the proposed contract
25 will only have a minimal impact on the general body

1 of ratepayers. I'm just curious how staff has
2 derived at that summation. Can you possibly
3 quantify that at this point on what the rate impact
4 would be on the general body of ratepayers?

5 **MS. DRAPER:** Commissioner, I do not
6 believe we can quantify the impact of this customer
7 at this time on the conservation clause, but if I
8 may explain?

9 **COMMISSIONER BROWN:** Please.

10 **MS. DRAPER:** TECO's interruptible credit
11 is set annually in the conservation docket and it is
12 based on the next avoided unit, which can change.
13 And this customer, if they choose to locate in the
14 Tampa area, is not expected to come on-line until
15 2015 or even 2016. We do not know what the credit
16 is going to be in 2016. This contract was
17 negotiated in 2012, and, therefore, the 2012
18 approved credit is contained in the contract. This
19 contract --

20 **COMMISSIONER BROWN:** May I interrupt you
21 for a quick second? Pardon me.

22 Would the rate case have any impact, then,
23 if it's a 2012 approval of that cost of service --
24 the future rate case, would that have any
25 implication on this contract?

1 **MS. DRAPER:** No, it does not, because the
2 rate case that TECO is proposing to file in this
3 year has a 2014 test year, and, therefore, the
4 customer, if they come on-line in 2015 or 2016,
5 would not be included in the test year. And between
6 rate cases any revenues that TECO -- base revenues
7 that TECO may lose does not impact base rates on
8 other customers. And also keep in mind that the
9 customer will pay the otherwise annually approved
10 cost-recovery clauses such as fuel, for example, so
11 there is no discount there, and no impact on the
12 other ratepayers through the clauses.

13 **COMMISSIONER BROWN:** Great.

14 Mr. Chairman, does the utility or OPC wish
15 to comment?

16 **MR. BEASLEY:** Yes. Thank you.

17 James Beasley for Tampa Electric Company
18 with Mr. William Ashburn, who is Tampa Electric's
19 Director of Pricing and Financial Analysis.

20 We want to thank the Commission and its
21 staff for fast-tracking this application. The
22 customer has indicated that they are on the verge of
23 making a decision, and your putting this on the
24 fast-track will enable us to remain in contention in
25 the Tampa Electric service area.

1 We agree with and endorse your staff's
2 recommendation. This offers some significant
3 economic development opportunities for the Tampa
4 area, and we urge that you approve it.

5 We'd be happy to answer any questions you
6 may have. And thanks, again, for the expedited
7 treatment.

8 **MR. REHWINKEL:** Thank you, Mr. Chairman,
9 and Commissioners. Charles Rehwinkel, Deputy Public
10 Counsel. I just would like to read a statement on
11 this matter for the record.

12 The Public Counsel has been closely
13 following the special contract petition filed by
14 Tampa Electric. The Company has provided supporting
15 information and has been helpful to us understanding
16 the nature of the request.

17 At this time, based on the information
18 provided and filed by TECO, the Public Counsel has
19 perceived no reason to intervene in the docket or to
20 object to the Commission's approval, given the time
21 frames involved and the uncertainties the future
22 brings. We would note that the Commission has
23 ongoing jurisdiction to ensure that TECO abides by
24 the representations made and to protect all
25 customers.

1 Thank you.

2 **CHAIRMAN BRISÉ:** Okay. Thank you.

3 **COMMISSIONER BROWN:** Thank you.

4 Mr. Chairman, if I could just make a
5 comment?

6 **CHAIRMAN BRISÉ:** Sure.

7 **COMMISSIONER BROWN:** I just think this
8 contract could incentivize the company to relocate
9 to Tampa, could recreate jobs, could spur economic
10 development. It could be really great for the
11 overall community of the Tampa Bay area, and I'm
12 supportive of the contract as is.

13 **CHAIRMAN BRISÉ:** Thank you, Commissioner
14 Brown.

15 Commissioner Edgar.

16 **COMMISSIONER EDGAR:** Thank you.

17 I think two questions.

18 **CHAIRMAN BRISÉ:** Sure.

19 **COMMISSIONER EDGAR:** Maybe.

20 The first is to our staff. Is there
21 precedent in past Commission decisions for something
22 of this nature?

23 **MS. BROWN:** Yes, Commissioner, there is.

24 The Commission has approved special
25 contracts filed for gas companies, other electric

1 utilities, and water and wastewater companies under
2 Rule 25-9.034 over -- I went back as far as 1988 and
3 found some cases that approved special contracts.
4 So, yes, there is precedent for it.

5 **COMMISSIONER EDGAR:** Thank you.

6 And then the second question, is it
7 correct to say that any other potential future or
8 existing customer for TECO or another IOU that we
9 regulate would have the ability to enter into
10 negotiations for a unique tariff, should there be a
11 desire to do so?

12 **MS. BROWN:** Yes. Yes, I think so. The
13 resulting contract would always come to the
14 Commission for approval. And there are, of course,
15 some criteria involved in it --

16 **COMMISSIONER EDGAR:** Certainly.

17 **MS. BROWN:** -- but, yes, they could.

18 **COMMISSIONER EDGAR:** Okay. Then I would
19 also point out that as the proposal is before us,
20 this proposed customer would be taking service at
21 the transmission level, which also avoids other
22 potential costs that would otherwise accrue.

23 I commend TECO for bringing this forward,
24 appreciate the review by OPC, and I am supportive of
25 the item as proposed.

1 **CHAIRMAN BRISÉ:** Thank you, Commissioner
2 Edgar.

3 Commissioner Graham.

4 **COMMISSIONER GRAHAM:** Thank you, Mr.
5 Chairman.

6 I say ditto to some of the things my other
7 Commissioners have already said. This seems like
8 one of those customers you want to chase after.
9 Someone that's going to take 230 kV power straight
10 from the plant, basically. And when it comes to
11 economic development, a customer that's going to
12 come in and bolt down \$10 million worth of
13 equipment, or tens of millions of dollars worth of
14 equipment are ones that are not going to just pack
15 up and leave after about one or two years. Those
16 guys are going to be there forever.

17 We have had some high-tech jobs up in my
18 neck of the woods that, you know, they fulfilled
19 their contract of three to five years, and then they
20 all unplug and they leave. So this is one of the
21 ones -- and if you look at the average salaries,
22 it's pretty significant how high those average
23 salaries are.

24 So I encourage this entire dialogue.
25 Thank you.

1 **CHAIRMAN BRISÉ:** Commissioner Balbis.

2 **COMMISSIONER BALBIS:** Thank you, Mr.
3 Chairman.

4 And I, too, agree with the other comments
5 from Commissioners. I think we have an opportunity
6 here to bring much needed jobs to the Tampa Bay
7 area. And just as importantly, not having an impact
8 on the other customers. And that with the fact that
9 the Office of Public Counsel is in support, I fully
10 support staff's recommendation on this issue and
11 would be ready to provide a motion, if needed.

12 **CHAIRMAN BRISÉ:** All right. Thank you.

13 I guess I will make my comments now. I
14 think that we in this sector have a responsibility
15 as well to ensure that we do everything within our
16 power to move forward the economic development
17 efforts of our state, and looking at contracts such
18 as these move us in that direction.

19 I certainly appreciate the Office of
20 Public Counsel as well being engaged in this
21 process, because we all in this sector are
22 interested in ensuring that we work towards the
23 goals of our state in terms of economic development.

24 So if you can bring more of these, we
25 certainly appreciate it. We would certainly look at

1 them and ensure that they benefit the whole body of
2 ratepayers, as well.

3 We are ready to entertain a motion.

4 Commissioner Brown.

5 **COMMISSIONER BROWN:** Mr. Chairman, I would
6 move staff recommendation on Item 11.

7 **COMMISSIONER BALBIS:** Second.

8 **CHAIRMAN BRISÉ:** Okay. It has been moved
9 and seconded.

10 Any further comments?

11 Seeing none, all in favor say aye.

12 (Vote taken.)

13 **CHAIRMAN BRISÉ:** All right. Thank you
14 very much.

15 We will not have IA today. IA has been
16 canceled; Internal Affairs has been canceled. And
17 with that we adjourn today's agenda conference.
18 Thank you very much.

19 * * * * *

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2 STATE OF FLORIDA)

3 : CERTIFICATE OF REPORTER

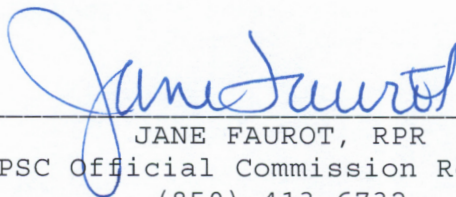
4 COUNTY OF LEON)

5
6 I, JANE FAUROT, RPR, Chief, Hearing Reporter
7 Services Section, FPSC Division of Commission Clerk, do
8 hereby certify that the foregoing proceeding was heard
9 at the time and place herein stated.

10 IT IS FURTHER CERTIFIED that I
11 stenographically reported the said proceedings; that
12 the same has been transcribed under my direct
13 supervision; and that this transcript constitutes a
14 true transcription of my notes of said proceedings.

15 I FURTHER CERTIFY that I am not a relative,
16 employee, attorney or counsel of any of the parties,
17 nor am I a relative or employee of any of the parties'
18 attorney or counsel connected with the action, nor am I
19 financially interested in the action.

20 DATED THIS 11th day of March, 2013.

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