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July 14, 1997

VIA HAND DELIVERY

Blanca S. Bayo, Director
Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Drive
Gerald L. Gunter Building
Tallahassee, Florida 32399-0850

Re: FMPA/Lakeland - Docket No. **970171-EU**

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and fifteen copies of the Florida Industrial Power Users Group's Response to Tampa Electric Company's Motion for Protective Order in the above docket.

Please acknowledge receipt of the above on the extra copy enclosed herein and return it to me. Thank you for your assistance.

ACK _____
AFA 2 Sincerely,

APP _____
CAF _____ *Vicki Gordon Kaufman*
CMU _____ Vicki Gordon Kaufman

CTR _____
EAG *Bad* VGK/pw
LEF _____ Enclosures

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of)
appropriate cost allocation)
and regulatory treatment of)
total revenues associated)
with wholesales to Florida)
Municipal Power Agency and)
City of Lakeland by Tampa)
Electric Company.)
_____)

Docket No. 970171-EU

Filed: July 14, 1997

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S RESPONSE
TO TAMPA ELECTRIC COMPANY'S MOTION FOR PROTECTIVE ORDER
AND REQUEST FOR CONFIDENTIAL TREATMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to rule 1.280, Florida Rules of Civil Procedure and rule 25-22.037, Florida Administrative Code, hereby responds to Tampa Electric Company's (TECO) motion for protective order and request for confidential treatment. TECO's motion should be denied. As grounds therefor, FIPUG states:

1. This docket concerns TECO's request that Commission-approved policy previously endorsed by TECO be retroactively changed to accommodate two new wholesale sales. The Commission policy is to separate such sales to protect ratepayers from subsidizing those sales. TECO has requested that such sales (and the assets that support those sales) remain in the retail jurisdiction.

2. TECO claims it needs the policy change to provide an incentive to make wholesale sales, in the form of the regulatory treatment of those sales. There is no substantial competent evidence to indicate that retail customers will benefit from the

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proposed sales. Retail customers will clearly be worse off if the policy is changed so that the wholesale sales are not separated. The other parties to this docket contend that TECO already has adequate incentives to make such sales based on the profits its parent company will receive from an increased level of inter-company transactions.

3. At the hearing, FIPUG, and other parties (including Commission Staff) attempted to quantify the undisclosed incentives by requesting TECO to remove the veil of secrecy surrounding the magnitude of the profit which the TECO affiliates will realize from these inter-company sales. TECO's retail customers are entitled to the information because they guarantee the total sum TECO pays for these transactions through the fuel and capacity cost recovery charges, but have no guarantee that they are competitively contracted.

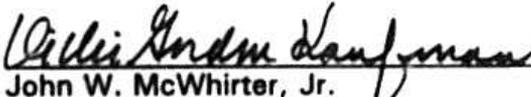
4. Though TECO objected to providing such information when requested by Commission Staff to do so, at hearing, Staff's motion to compel was granted and TECO was ordered to provide profit information about its affiliates. TECO did so in late-filed exhibit no. 6, which is the subject of TECO's motion for protective order and request for confidential treatment.

5. The basis for TECO's continuing refusal to comply with the Commission mandate to supply profit numbers is that competitors of TECO Energy Inc.'s coal and transportation company subsidiaries might sell coal and transportation services to TECO at a lower price. If this occurred it would be a boon to retail consumers who will directly benefit from the reduced prices. The disclosure does not compel TECO to supply similar information for its competitive market transactions with others, only

those transactions where insider trading takes place between a regulated monopoly and its related affiliates.

7. The grant of monopoly power to a utility carries with it the concomitant responsibility to demonstrate that its rates are just and reasonable to the retail consuming public and that its non-regulated sister companies are not benefitting from transactions at the expense of retail customers. The least that can be expected is that the utility will make full disclosure to the retail customers who are paying the amounts in question to the affiliated companies.¹ It would seem that TECO would not only endorse this policy, but actively pursue it rather than surreptitiously concealing the true facts from public view.

WHEREFORE, FIPUG requests that TECO's motion for protective order and request for confidential treatment be denied.


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Attorneys for the Florida Industrial
Power Users Group

¹Note that TECO wants to keep secret the transportation costs paid by TECO (i.e., the ratepayers) to its affiliate).

Certificate of Service

I HEREBY CERTIFY that a true and correct copy of the foregoing **FIPUG Response to Tampa Electric Company's Motion for Protective Order and Request for Confidential Treatment** has been furnished by *hand delivery or U.S. Mail to the following this 14th day of July, 1997:

***Leslie Paugh**
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