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August 10, 1998

HAND DELIVERED

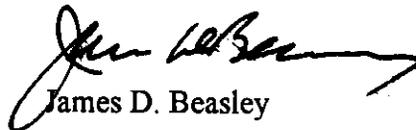
Mr. Tim Devlin, Director  
Division of Auditing and Financial Analysis  
Florida Public Service Commission  
Room 215J - Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Generic investigation of cost allocation and affiliated transactions for electric utilities; FPSC Docket No. 980643-EI

Dear Mr. Devlin:

Pursuant to your letter of July 22, 1998 to Ms. Angela Llewellyn at Tampa Electric Company, we attach Tampa Electric's answers to Staff Data Requests Nos. 1 and 15.

Sincerely,

  
James D. Beasley

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_ JDB/pp
- CMU \_\_\_\_\_ Enclosure
- CTR \_\_\_\_\_ cc: Delaine Bacon
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
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FPSC-RECORDS/REPORTING

**TAMPA ELECTRIC COMPANY'S RESPONSE  
TO STAFF'S DATA REQUESTS NOS. 1 AND 15**

1. *Does the utility keep written policy and procedures for determining above the line/below the line transactions? If so, please explain in detail and provide a copy.*
  - A. The company's guidelines are based on the FERC Uniform System of Accounts and prior FPSC orders. For activities that cannot be referenced in the Uniform System of Accounts or a FPSC order, the company attempts to determine above the line or below the line treatment based on the principles underlying the Uniform System of Accounts or prior FPSC orders.
  
15. *Do you have any formal written procedures governing "standards of conduct"? If so, please provide a copy of these standards.*
  - A. Tampa Electric is subject to two separate regulatory codes of conduct. Pursuant to FERC Order No. 888, Tampa Electric adopted and implemented a code of conduct which was designed to prevent the flow of non-public transmission information from Tampa Electric's transmission/reliability function to the company's internal wholesale power marketing functions or any affiliated wholesale power marketing function. Recently, TECO EnergySource, an affiliate of TECO Energy, was granted permission by the FERC to use market-based, rather than cost-based prices, in making wholesale power sales. As a condition of this approval, the FERC required both Tampa Electric and Energy Source to adopt reciprocal codes of conduct which would prevent the direct or indirect flow of wholesale market information from Tampa Electric to EnergySource. Copies of the codes of conduct referred to above are attached.

(Revised February 27, 1998)

**Tampa Electric Company  
Standards Of Conduct**

• Tampa Electric Company ("Tampa Electric") shall conduct its business to conform with the following standards:

**I. General Rules**

- A. Except as provided in paragraph (1)(B) of these standards of conduct, the employees of Tampa Electric engaged in transmission system operation must function independently of its employees, or the employees of any of its affiliates, who engage in Wholesale Merchant Functions.
- B. Notwithstanding any other provisions in these standards of conduct, in emergency circumstances affecting system reliability, Tampa Electric may take whatever steps are necessary to keep the system in operation. Tampa Electric shall report to the Federal Energy Regulatory Commission ("Commission") and on the Open Access Same Time Information System ("OASIS") each emergency that resulted in any deviation from these standards of conduct, within twenty-four (24) hours of such deviation.

**II. Rules Governing Employee Conduct**

- A. Prohibitions. Any employee of Tampa Electric, or any employee of an affiliate, engaged in wholesale merchant functions is prohibited from:

- i. Conducting transmission system operations or reliability functions;  
and
- ii. Having access to the system control center or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other open access transmission customers.

B. Transfers. Employees of Tampa Electric engaged in either (i) wholesale merchant functions or (ii) transmission system operations or reliability functions are not precluded from transferring between such functions as long as such transfer is not used as a means to circumvent these standards of conduct. Notices of such transfer(s) shall be posted on the OASIS. The information to be posted shall include: the name of the transferring employee; the representative titles held while performing each function (i.e., on behalf of Tampa Electric as a transmission provider or wholesale merchant or its affiliate), and the effective date of the transfer. The information posted under this section shall remain on the OASIS for ninety (90) days.

C. Information Access. Any employee of Tampa Electric, or of any of its affiliates, engaged in wholesale merchant functions:

- i. shall have access to only that information available to Tampa Electric's open access transmission customers (i.e., the information posted on an OASIS), and must not have preferential access to any information about Tampa Electric's transmission system that is not available to all users of an OASIS; and

- ii. Is prohibited from obtaining information about Tampa Electric's transmission system (including information about available transmission capability, price, curtailments, ancillary services, and the like) through access to information not posted on the OASIS that is not otherwise also available to the general public without restriction, or through information on the OASIS that is not also publicly available to all OASIS users.

D. Disclosure. Tampa Electric shall ensure compliance with the following provisions:

- i. Any employee of Tampa Electric or any employee of an affiliate, engaged in transmission system operations or reliability functions may not disclose to employees of Tampa Electric, or any of its affiliates, engaged in wholesale merchant functions any information concerning the transmission system of Tampa Electric or the transmission system of another (including non-affiliates about available transmission capability, price, curtailments, ancillary services, etc.) a) through non-public communications conducted off the OASIS, b) through information not posted on the OASIS that is not at the same time available to the general public without restriction, or c) through information on the OASIS that is not at the same time publicly available to all OASIS users (such as E-mail);
- ii. If any employee of Tampa Electric engaged in transmission system operations or reliability functions discloses information not posted on the OASIS in a manner contrary to the requirements of these standards of

conduct, Tampa Electric shall immediately post such information on the OASIS; and

- iii. Tampa Electric shall not share any market information, acquired from non-affiliated transmission customers or potential non-affiliated transmission customers, or developed in the course of responding to requests for transmission or ancillary services on the OASIS, with its own employees (or those of an affiliate) engaged in merchant functions, except to the limited extent information is required to be posted on the OASIS in response to a request for transmission service or ancillary services.

E. Implementing Tariffs.

- i. Employees of Tampa Electric engaged in transmission system operations or reliability functions shall strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if these provisions do not provide for the use of discretion.
- ii. Employees of Tampa Electric engaged in transmission system operations shall apply all tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all customers (including Tampa Electric and any affiliate) in a non-discriminatory manner, if these provisions involve discretion.
- iii. Tampa Electric shall keep a log, available for Commission audit, detailing the circumstances and manner in which it exercised its discretion under any terms of the tariff. The entries in the log shall be posted on the

OASIS, shall be available for download on the OASIS for 90 days from the date first posted, and shall be retained and made available in the same electronic format, upon request, for three years from the date first posted.

- iv. Tampa Electric shall not, through its tariffs or otherwise, give preference to sales for resale by the wholesale merchant function or by any affiliate, over the interests of any other wholesale customer in matters relating to the sale or purchase of transmission service (including price, curtailments, scheduling, priority, ancillary services, etc.).

### III. Books and Records

- A. Tampa Electric shall maintain its books of account and records (as prescribed under Title 18, Code of Federal Regulation, Parts 101 and 125) separately from those of its affiliates, and these shall be available for Commission inspection.

### IV. Maintenance of Written Procedures

- A. Tampa Electric shall maintain in a public place, and file with the Commission, current written procedures implementing the standards of conduct in such detail as will enable customers and the Commission to determine that Tampa Electric is in compliance with the requirements of this section.

(Revised February 27, 1998)

**TAMPA ELECTRIC COMPANY  
PROCEDURES TO IMPLEMENT  
STANDARDS OF CONDUCT**

**I. INTRODUCTION**

The following written procedures supplement Tampa Electric Company's ("Tampa Electric's") "Transmission Standards of Conduct," and further describe Tampa Electric's implementation of the Federal Energy Regulatory Commission's ("FERC's") Standards of Conduct for Public Utilities, as set forth in Section 37.4 of the FERC's Regulations.

**II. PROCEDURES TO IMPLEMENT THE RULES  
GOVERNING EMPLOYEE CONDUCT**

**A. Separation of Personnel**

Tampa Electric has physically removed all personnel performing wholesale merchant functions from the Energy Control Center ("Control Center") within the Energy Delivery Department, where transmission system operations and reliability functions are performed. A new group called "Bulk Power Operations" was formed within the Energy Services Department that performs all wholesale merchant functions. All personnel performing wholesale merchant functions are restricted from access to the Control Center, which is fenced separately from other Tampa Electric facilities, is secured by an electronic cardkey system, 24-hour guard by security officers, and TV security cameras with VCR recording capability. Personnel performing wholesale merchant functions report to a

different vice president than those performing transmission and reliability functions.

#### **B. Training of Personnel**

Tampa Electric identified all employees that are directly involved in either the wholesale merchant function or the transmission and reliability function, as well as those employees who provide support to those functions and may have access to information relevant to either function. All such employees have received training regarding the FERC's Standards of Conduct.

Training classes were held in December, 1996. The classes consisted of presentations describing the FERC's Standards of Conduct, the reasons for the requirement to implement such standards, and Tampa Electric's intent to comply with the standards. Employees were directed to comply and were given an opportunity to ask questions regarding specific application of the standards in their job performance. Employees were also given the name and telephone extension of a key person to call in the event questions regarding the standards arise in the future.

The first training class was videotaped, and those employees who were not able to attend a class have since viewed the tape. Also, the tape will be used to train any new affected employees or employees transferring into affected job functions in the future.

Subsequent to the training, the Standards of Conduct were mailed to an even wider selection of employees, including all legal personnel and officers of Tampa Electric and its parent company, TECO Energy, Inc. Employees selected

to receive the mailing have been asked to sign and return a form to acknowledge that they have read the Standards of Conduct and agree to comply with them. Additionally, the Standards of Conduct were summarized in a company-wide newsletter which was mailed to all TECO Energy, Inc. employees in December, 1996.

### C. Computer Access to Transmission Information

In December, 1996, Tampa Electric adopted a new policy regarding computer access that restricts wholesale merchant function personnel from gaining access to transmission information through any computer mechanism other than the Open Access Same-Time Information System ("OASIS"). Specifically, the merchant function personnel are restricted from viewing or using information describing Tampa Electric's transmission network, including current and planned outages, other utilities' transmission networks, and other utilities' generation configurations.

The computers that contain the databases for transmission and reliability operations are housed at the Control Center. Access to the databases is secured by user identifications and passwords. Software systems have been modified to ensure that merchant function employees have access to only those systems approved for their use. Computer displays of Energy Management System information available to the merchant function personnel will contain "view only" access to displays that do not contain any transmission information or links to unapproved data. The new policy includes a description of breaches in security,

including emergency, accidental, and illegal breaches, and explains that all breaches will be reported immediately through the OASIS.

**D. Use of Discretion in Implementing Transmission Tariff**

Tampa Electric will keep a log detailing any circumstances and manner in which discretion is exercised in the implementation of Tampa Electric's open access transmission tariff. The entries in the log will be posted on the OASIS, will be available for download on the OASIS for 90 days from the date first posted, and will be retained and made available in the same electronic format, upon request, for three years from the date first posted.

**Code of Conduct for Officers and Employees of  
Tampa Electric Company Concerning Business Relationships and the  
Sharing of Market Information with TECO EnergySource, Inc.**

1. No officer or employee of Tampa Electric Company ("TEC") shall directly (or indirectly through an officer or employee of another affiliate of TEC) provide any market information to any officer or employee of TECO EnergySource, Inc. ("EnergySource") unless such information is made available simultaneously to non-affiliates. This prohibition shall not apply to publicly available information or information that is derived from publicly available information.
2. No officer or employee of TEC shall directly (or indirectly through an officer or employee of another affiliate of TEC) provide any information to any officer or employee of EnergySource if such information has been received on a confidential basis from a customer of TEC and such customer has not consented to release of such information. This prohibition shall not apply to publicly available information or information that is derived from publicly available information.
3. No officer or employee of TEC shall make any statement suggesting or indicating that:
  - a. a person or company doing business with EnergySource will receive preferential treatment with regard to the purchase or sale of transmission services or electric energy from or to TEC; or
  - b. a person or company doing business with TEC will receive preferential treatment in the purchase or sale of electric energy from or to EnergySource.
4. The books, records and accounts of TEC shall be maintained separately from those of EnergySource.
5. Non power-related goods and services provided by TEC to EnergySource shall be priced to EnergySource at the higher of TEC's cost or the market price of the good or service.
6. TEC will not purchase non power-related goods or services from EnergySource or any other affiliate at a price above market.
7. TEC shall provide transmission-related services to EnergySource pursuant to its open access transmission tariffs.

**Code of Conduct for Officers and Employees of  
TECO EnergySource, Inc. Concerning Business Relationships  
with Tampa Electric Company**

1. No officer or employee of TECO EnergySource, Inc. ("EnergySource") shall make any statement suggesting or indicating that:
  - a. a person or company doing business with EnergySource will receive preferential treatment with regard to the purchase or sale of transmission service or electric energy from or to Tampa Electric Company ("TEC"); or
  - b. a person or company doing business with TEC will receive preferential treatment in the purchase or sale of electric energy from or to EnergySource.
2. No officer or employees of EnergySource shall receive directly from any officer or employee of TEC (or indirectly through an officer or employee of another affiliate of TEC) any market information unless such information is made available by TEC simultaneously to non-affiliates. This prohibition shall not apply with respect to publicly available information or information that is derived from publicly available information.
3. EnergySource shall not sell non power-related goods or services to TEC at a price above market.