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May 16, 1997

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Determination of appropriate cost allocation and regulatory treatment of total revenues associated with wholesale sales to Florida Municipal Power Agency and City of Lakeland by Tampa Electric Company;
FPSC Docket No. 970171-EU

Dear Ms. Bayo:

Enclosed for filing in the above docket, on behalf of Tampa Electric Company, are fifteen (15) copies of a revised page 6 to the Prepared Direct Testimony of Tampa Electric witness Karen A. Branick as well as revised pages 60 and 62 of Ms. Branick's Exhibit (KAB-1). These revisions have been made to take into account variable O&M costs, SO₂ allowance costs and transmission charges associated with supplemental capacity and energy sales to the Florida Municipal Power Agency ("FMPA"). The overall effect of these revisions is a slight reduction in the benefits from the sales to FMPA (\$9.0 million as opposed to the \$9.2 million amount contained in the earlier filing).

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG
- LIN
- OPC
- RCH
- SEC
- WAS
- OTH

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

cc: All Parties of Record (w/encls.)

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BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
04915 MAY 16 97
FPSC RECORDS/REPORTING

0517
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1 Tampa Electric will also serve Lakeland up to 10 MW of
2 supplemental service if it projects it would not be
3 required to curtail native retail load and spinning reserve
4 requirements, commitments for unit and/or station power
5 sales, firm wholesale service commitments or other power
6 sales having equivalent priority that were scheduled prior
7 to this request. Tampa Electric may supply optional
8 supplemental service to Lakeland by mutual, written
9 agreement of the parties. This sale is supported by Tampa
10 Electric's system resources. A copy of the agreement is
11 included as Document No. 3 of my exhibit.

12

13 **SUMMARY OF BENEFITS**

14

15 Q. What are the benefits associated with the off-system sales
16 to FMPA and Lakeland?

17

18 A. The total incremental cost associated with the FMPA sale is
19 projected to be \$68.2 million present value. The total
20 revenues from the FMPA sale are projected to be \$77.2
21 million present value. Therefore the benefits from this
22 sale are equal to the difference between total revenues and
23 total incremental costs, or \$9.0 million. This cost versus
24 benefit analysis is detailed in Document No. 4 of my
25 Exhibit.

DOCUMENT NUMBER - DATE

6

04915 MAY 16 97

FPSC-RECORDS/REPORTING

Cost Versus Benefit Analysis
Off-System Sale to FMPA
1997 - 2001

Line		Cumulative Present Value 97\$000
(1)	System Incremental Cost	
(2)	Fuel	\$ 63,581
(3)	SO2 Allowance Costs	\$ 586
(4)	Variable O & M	\$ 4,069
(5)	Expansion Plan Impact	\$ -
(6)	Total Incremental Cost	\$ 68,236
(7)	Incremental Revenues	
(8)	Fuel	\$ 48,018
(9)	Transmission Charges	\$ 5,840
(10)	Net Non-Fuel Revenues	\$ 23,382
(11)	Total Incremental Revenues	\$ 77,240
	System Net Benefit	\$ 9,004
	= Revenues on Line (11) - Costs on Line (6)	

TAMPA ELECTRIC COMPANY
 DOCKET NO. 970171-EU
 WITNESS: BRANICK
 EXHIBIT NO. _____
 (KAB-1)
 DOCUMENT NO. 4
 PAGE 1 OF 1
 REVISED MAY 16, 1997

Proposed Treatment
Off-System Sale To FMPA
1997 - 2001

Cumulative Present Value
97\$000

Line		Cumulative Present Value 97\$000
(1)	Total Revenues Collected From Sale	\$77,240
(2)	Credit Incremental Fuel To Retail Fuel Clause	\$63,581
(3)	Credit Incremental SO2 Costs To Retail ECRC Clause	\$586
(4)	Subtotal After Clause True-Up Line(1)-Line(2)-Line(3)	\$13,073
(5)	Variable O&M To TEC Operating Revenue	\$4,069
(6)	Transmission Charge To TEC Operating Revenue	\$5,840
(7)	Subtotal After Offsetting TEC Expenses Line(4) - Line(5) - Line(6)	\$3,164
(8)	50% Net Non-Fuel Revenue To Retail Fuel Clause 50% X Line(7)	\$1,582
(9)	50% Net Non-Fuel Revenue To TEC Operating Revenues 50% X Line(7)	\$1,582

62

TAMPA ELECTRIC COMPANY
DOCKET NO. 970171-EU
WITNESS: BRANICK
EXHIBIT NO. _____
(KAB-1)
DOCUMENT NO. 6
PAGE 1 OF 1
REVISED MAY 16, 1997