

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

ROBERT M. NAMOFF

ON BEHALF OF

ALLIED UNIVERSAL CORPORATION

AND

CHEMICAL FORMULATORS, INC.

January 22, 2001

DOCUMENT NUMBER-DATE

07054 JUN-50

FPSC-REGULATORY REPORTING

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

2 A. My name is Robert M. Namoff. I am Chief Executive Officer of Allied

3 Universal Corporation ("Allied"). My business address is 8350 N.W. 93rd

4 Street, Miami, Florida 33166-2098.

5 **Q. Did you submit direct testimony in this proceeding?**

6 A. Yes, my direct testimony on behalf of Allied and its affiliate Chemical

7 Formulators, Inc. ("CFI") was submitted on February 21, 2000. Additionally,

8 I was given the opportunity to address the Commission at its Agenda

9 Conference on April 18, 2000 in response to the position of Tampa Electric

10 Company ("TECO") that Allied/CFI should not be permitted to inspect

11 TECO's records of its dealings with my company and with our business

12 competitor, Odyssey Manufacturing Company ("Odyssey").

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

14 A. The purpose of my rebuttal testimony is to address Issues 1 through 5 stated

15 in the Draft Prehearing Order and to respond to the direct testimony of

16 Odyssey witness Stephen W. Sidelko concerning a further issue raised by his

17 testimony.

18 **Q. Issue 1 concerns TECO's response to Odyssey's request for CISR tariff**

19 **rates. What are your concerns with TECO's response to Odyssey's**

20 **request?**

21 A. I have three concerns with this issue that I understand are being presented to

22 the Florida Public Service Commission for determination in this case. Before

1 stating those concerns, I want to thank the Commission for having been given
2 the opportunity to see for myself many of TECO's records of their dealings
3 with Odyssey and with my company. As I said to the Commission in my
4 remarks on April 18, 2000, I do not need or want confidential trade secret
5 information about Odyssey or about Odyssey's plant. What I want in this
6 case is a fair rate for electrical power from TECO.

7 My first concern is that now that I have been permitted to see the approved
8 set of TECO's records, I see that TECO's lead negotiator Patrick Allman
9 made the decision to bring Odyssey in as a customer at Odyssey's requested
10 price of ██████ per MWH within the first 24 hours of that request being made,
11 and that TECO then made up the rules as the game went along to get that
12 decision approved by the Commission by filing for approval of the CISR
13 tariff three months later.

14 Next, I see that Mr. Allman was acting as a full service project engineer for
15 Odyssey while he was negotiating with them as an employee of TECO, and
16 I can assure you that this response is in complete contrast with TECO's
17 response to my company's request for what is essentially an identical second
18 project.

19 Third, I see that those records confirm what Mr. Sidelko has admitted in this
20 case, that Odyssey had not considered any other locations for its new plant
21 than Miami and Tampa and that it had not explored any "viable lower cost
22 alternative to taking electric service from TECO," as the CISR tariff rules are

1 supposed to require as a precondition to being offered the discounted rates.
2 Again, it looks to me like TECO changed the rules as the game went along
3 in order to give a very significant competitive advantage to Odyssey over
4 Odyssey's competitors, and now TECO looks to the Commission to backdate
5 the approval of its *ad hoc* rules.

6 I am also very concerned about the facts that TECO's records show that two
7 weeks after Odyssey requested the preferential rates, Mr. Allman was
8 planning how Odyssey could put my company out of business; that four
9 months after Odyssey's contract was signed by TECO, Mr. Allman went to
10 work for Odyssey where he has been trying to take business away from me
11 and where he has a 10% share of Odyssey's profits; and that apparently as
12 soon as I walked out of the TECO conference room from my first meeting
13 with Mr. Ashburn and Mr. Rodriguez to request the same CISR tariff rates
14 that Odyssey had been given, Mr. Rodriguez picked up the phone and called
15 Mr. Allman at Odyssey to tell him what I had said. However, I understand
16 that these and other facts implicate legal claims that are not supposed to be
17 submitted to this Commission for decision, and for that reason I am
18 specifically not submitting any claim to the Commission involving any
19 damages to Allied/CFI or any claim requiring the Commission to make a
20 determination of liability for violation of any laws other than the three
21 sections of the Florida Statutes that I understand are limited to the regulation
22 of utility rates between customers of a public utility.

1 Q. What evidence do you see that the decision to offer Odyssey a rate of [REDACTED]
2 per MWH was made by Mr. Allman within 24 hours of Mr. Sidelko's
3 request for that rate?

4 A. Mr. Allman's memo dated March 12, 1999 (attached to my testimony as
5 Confidential Exhibit __ (RMN-15)) states that he had heard that Mr. Sidelko
6 had left Odyssey's first meeting with TECO's representatives in Tampa that
7 day unhappy because Mr. Sidelko had believed that a rate of [REDACTED] per MWH
8 for interruptible service was available from TECO, but had been told that it
9 was not available; that Mr. Allman had driven to the airport to try to catch
10 Mr. Sidelko before Mr. Sidelko left for Miami but had missed him; and that
11 Mr. Allman then had called Mr. Sidelko in Miami the same day to ask him
12 to "work with us and see if we could make his plant a success."
13 Three months later TECO filed for approval of the CISR tariff, and within
14 days after the Commission voted to approve the tariff Mr. Allman handed
15 Mr. Sidelko a contract with a rate of [REDACTED] per MWH. Is that final negotiated
16 price supposed to be just a coincidence?

17 Q. Did Mr. Sidelko ultimately get the [REDACTED] per MWH rate that he had first
18 requested on March 12, 1998?

19 A. No, he got a much better rate. Mr. Sidelko had asked for a rate of [REDACTED] per
20 MWH for interruptible service; he ultimately got a rate of [REDACTED] per MWH for
21 what is essentially [REDACTED]

22 The difference is critical in our business; please allow me to explain it.

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Allied/CFI and Odyssey compete for contracts to supply municipalities with chlorine and caustic and/or with liquid chlorine bleach, for purposes of water purification and wastewater treatment. Deliveries of these products to municipal storage facilities must be made periodically and on demand, in some cases daily. At this time there is a severe shortage of caustic in the Florida market, and companies that cannot pay the resulting increased prices for this essential input in order to continue to timely supply their customers will lose business. At the same time, and along the same lines, there is an energy crisis in California that is causing manufacturers there who take interruptible electric service to temporarily or permanently close their businesses because they either cannot pay the current greatly increased prices for spot purchases of electric power and profitably stay open, or they cannot get enough make-up power at any price to stay open.

Odyssey's Contract Service Agreement with TECO ("CSA") [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] (See

paragraphs __ and __ of the CSA, which is attached to my testimony as Confidential Exhibit __ (RMN-16)). Please recall from my direct testimony, that the only inputs to the manufacture of liquid chlorine bleach using the membrane cell technology are electricity and salt. There is no prospect of a comparable shortfall in the supply of salt. The result is that Odyssey is

1 assured that it will never go [REDACTED] without the ability to supply its
2 customers' requirements, at a fixed price for the one critical input in its
3 manufacturing process.

4 This is exactly the scenario forecasted in my direct testimony at page 5: "The
5 difference in the cost of manufacturing liquid chlorine bleach between the
6 two technologies and the ability of Odyssey to offer long term contracts not
7 indexed to prices for bulk chlorine and caustic soda make it probable that
8 during a time of increasing prices for bulk chlorine and caustic soda, the
9 competitive advantage to Odyssey resulting from TECO's actions will
10 destroy the economic viability of CFI's existing business."

11 Please bear in mind that if Allied/CFI had been offered the CISR tariff rate
12 that I asked TECO for on May 28, 1999, our membrane cell plant could have
13 been in operation today, twenty months later.

14 **Q. What evidence are you referring to for your statement that Mr. Allman**
15 **was acting as a project engineer for Odyssey while he was negotiating**
16 **with Odyssey on behalf of TECO?**

17 **A. A series of letters from Mr. Allman to Mr. Sidelko, dated between March 14,**
18 **1998 and August 3, 1998, copies of which are attached to my testimony as**
19 **Confidential Exhibit ___ (RMN-17). The services performed by Mr. Allman**
20 **for the benefit of Odyssey while he was negotiating with them include**
21 **assistance with sales tax exemptions; gas, water, and sewer service; tax-free**
22 **bonds; with the design and construction of [REDACTED]**

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[REDACTED]

[REDACTED] per MWH rate; and in obtaining quotes from contractors for the construction costs of the roof over Odyssey's bleach tanks. Additionally, a TECO document entitled "Bleach Plant Executive Summary - Update as of 6/7/98" (copy attached as Confidential Exhibit __ (RMN -18) states that TECO also assisted Odyssey with site selection, determination of all non-process plant costs, selection of subcontractors, service and equipment suppliers and overall assistance with Odyssey's proposed Business and Marketing Plan. TECO never offered to provide this type of valuable assistance to Allied/CFI.

Q. What evidence did Odyssey present to TECO demonstrating that Odyssey had a viable lower cost alternative to taking electric service from TECO?

A. Nothing, for the reason that Odyssey never considered any other locations for its new plant than Miami and Tampa, and electric service in Miami was not a lower cost alternative. These facts are admitted in the deposition testimony of Mr. Sidelko and are confirmed in the rebuttal testimony of Peter De Angelis. The only documents in TECO's files concerning any alternative provider of electric service are copies of tariff sheets from Florida Power Corporation, the City of Lakeland, JEA, and Georgia Power Company. Mr. Sidelko's deposition testimony reflects that he had never seen those tariff sheets and that he had not contacted any electric utilities other than FP&L

1 and TECO concerning service to Odyssey's plant. Mr. Allman's deposition
2 testimony reflects that he had no idea how those tariff sheets got into TECO's
3 files regarding Odyssey.

4 **Q. With respect to Issue 2, did you provide evidence to TECO that**
5 **Allied/CFI had a viable lower cost alternative to taking service from**
6 **TECO for Allied/CFI's proposed new plant?**

7 A. Yes. In my first meeting with Mr. Rodriguez and Mr. Ashburn on May 28,
8 1999 at TECO's Tampa offices, I gave them a copy of a letter from Georgia
9 Power Company offering a rate of [REDACTED] cents per kWh if Allied/CFI built
10 its proposed new plant at the site of our existing plant in Brunswick, Georgia.
11 This meeting is discussed in my direct testimony filed on February 21, 2000,
12 at pages 7-8, and a copy of Georgia Power's written offer is Confidential
13 Exhibit __ (RMN-4) to my direct testimony.

14 **Q. What do you believe were the results of that meeting?**

15 A. As I understand from the deposition testimony of Mr. Allman (at pages 166-
16 172), soon after that meeting Mr. Rodriguez called Mr. Allman at Odyssey
17 to discuss with Mr. Allman what I had told TECO about Allied/CFI's plans.
18 It appears that the decision was made from the outset that Allied/CFI would
19 not be offered non-discriminatory rates for electric service from TECO,
20 despite the fact that we had qualified for CISR tariff rates by providing
21 documentation of a viable lower cost alternative to taking service from
22 TECO, whereas Odyssey had never considered any such alternative. I am

1 very concerned with this disparity because TECO's records include Mr.
2 Allman's memo of March 27, 1998 concerning Odyssey's business plan for
3 its new plant, stating:

4 ... the cost advantages associated with building a new
5 bleach plant are significant enough that it is expected
6 that other competitors will do so in the next ten years
7 and most of the existing bleach plants will go out of
8 business. These plants will be built in Florida, but in
9 areas of low cost electricity.

10
11 Bleach is a commodity product. Electricity
12 compromises 45.7% of the total variable costs
13 associated with producing this product. The purchase
14 of salt compromises the majority of the other variable
15 costs and the price of sale is also a commodity. Thus,
16 the ability to control electric costs is the single biggest
17 factor in determining the profitability of this
18 commodity. Plants will be located in the future in
19 areas that offer the most attractive electric rates, since
20 this is the main production cost that can be controlled.

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22 A copy of Mr. Allman's memo and drafts are attached to my testimony as
23 Confidential Exhibit ____ (RMN-19). I also see from TECO's response to
24 Allied/CFI's request for production no. 13 that there was correspondence
25 between TECO and Odyssey concerning Allied/CFI's request for CISR tariff
26 rates, and that this correspondence included copies of unfavorable newspaper
27 articles about Allied/CFI's environmental record.

28 **Q. Mr. Sidelko expressed the opinion, at page 13 of his prefiled direct**
29 **testimony, that Allied has no intention of building a cell plant in the**
30 **Tampa area. What is your response to that?**

1 A. Nothing could be further from the truth. Remember Allied/CFI has been
2 doing business in Tampa since 1995. We were there well before Odyssey.
3 We built an operation that employs 40 people in the Tampa area and,
4 importantly, a substantial and profitable customer base. We had and have
5 every intention of protecting and further developing our presence in the
6 Tampa market--and that includes the construction of a membrane cell plant
7 there. In that regard, we devoted substantial effort to confirming the
8 feasibility of such a plant and planning it, as well. Allied/CFI consulted with
9 Pioneer Chlor-Alkali, Dow Chemical and Vulcan Chemical regarding the
10 feasibility of such a plant. We contacted manufacturers of the cell
11 membranes--Dupont and ICI--to evaluate and compare their respective
12 membrane units. We contacted salt suppliers--including Morton and
13 International Salt--to determine the availability and pricing of salt. We
14 contacted Kvaerner Chemetics, the leading builder of cell plants--but that
15 company advised us that Odyssey had contractually precluded it from
16 building a plant for us within 150 miles of Odyssey's plant. Accordingly, we
17 consulted with other builders, including Noram. We contacted power
18 suppliers other than TECO to determine what alternatives were available,
19 including Georgia Power. I personally traveled to Brunswick, Ga. to
20 negotiate with Georgia Power, as well as to meet with representatives of the
21 Georgia Port Authority to determine the viability of obtaining salt shipments
22 through that port. Allied's Chief Financial Officer, Michael Koven,

1 investigated potential benefits available through financing using Georgia
2 industrial development bonds. We also attempted to obtain from TECO an
3 electric rate that would enable us to compete with Odyssey on as level a
4 playing field as possible. The group of documents Allied/CFI produced to
5 TECO on January 19, 2001 concerning these matters are evidence of much
6 of the work we did in the planning of Allied/CFI's proposed new plant.
7 Copies of those documents will be filed as a supplemental Confidential
8 Exhibit to my testimony. With regard to financing, it is important to note that
9 Allied is virtually debt free and can readily obtain whatever construction
10 financing it needs to build the new plant. We never considered financing to
11 even be an issue. Unlike Odyssey, Allied/CFI is not a new, startup company-
12 -we have been in business for 47 years. In my opinion, Mr. Sidelko's
13 testimony on this issue is designed to further his goal of preventing
14 Allied/CFI from competing with Odyssey on a level playing field. The
15 reason that Mr. Sidelko fears free and open competition from Allied/CFI is
16 stated in his direct testimony at page 14:" . . .a second plant could prevent the
17 first plant from making a profit..."

18 **Q. Please summarize Allied/CFI's position in response to Issues 1,2,3 and**
19 **5.**
20 TECO's failure to offer Allied/CFI the same rates, terms and conditions in
21 June 1999 for service to Allied/CFI's proposed new membrane cell plant as
22 those stated in Odyssey's CSA entered into in September 1998 for service to

1 Odyssey's proposed new membrane cell plant, was in violation of the
2 prohibition against undue discrimination stated in Sections 366.03, 366.06(2)
3 and 366.07, Florida Statutes, and was in violation of TECO's obligation of
4 good faith under Order No. PSC-98-1081A-FOF-EI to exercise its discretion
5 in offering the CISR tariff to any customer who complies with the conditions
6 of the tariff.

7 TECO's formal offer of CISR tariff rates to Odyssey in August 1998 was in
8 violation of the requirement of Order No. PSC-98-1081-FOF-EI that a CISR
9 tariff customer must provide documentation demonstrating that the customer
10 has a viable lower cost alternative to taking service from TECO. Odyssey has
11 admitted in this proceeding that it never approached any utilities other than
12 FP&L and TECO and that it never considered any locations other than Miami
13 and Tampa for its proposed new membrane cell plant. Odyssey never
14 provided any documentation to TECO demonstrating a viable lower cost
15 alternative to taking service from TECO. Allied/CFI's substantial interests
16 are directly affected by Odyssey's noncompliance with these requirements.

17 **Q. Please summarize the actions which Allied/CFI believes that the**
18 **Commission should take in response to Issue 4.**

19 The Commission should invalidate Odyssey's Contract Service Agreement
20 for noncompliance with the requirements of the CISR tariff, and should order
21 TECO to offer appropriate CISR tariff rates, terms and conditions for service

1 to Allied/CFI's proposed new membrane cell plant based on Allied/CFI's
2 demonstrated viable lower cost alternative to taking service from TECO.
3 If Odyssey's Contract Service Agreement is not invalidated, the Commission
4 should order TECO to offer the same rates, terms and conditions for service
5 to Allied/CFI's proposed new membrane cell plant as those stated in
6 Odyssey's Contract Service Agreement.

7
8 **Q. Does this conclude your rebuttal testimony?**

9
10 **A. Yes.**
11

Allied/CFI
Docket No. 000061-EI
Prefiled Rebuttal Testimony of Robert M. Namoff
Confidential Exhibit __ (RMN-15)

Allied/CFI
Docket No. 000061-EI
Prefiled Rebuttal Testimony of Robert M. Namoff
Confidential Exhibit __ (RMN-16)

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EXHIBIT "A"

This Agreement, including all attachments hereto, is applicable to that property owned by or under contract to the Customer which is described as a tract of land lying in the West 1/2 of Section 13, Township 29 South, Range 19 East, Hillsborough County, Florida, being more particularly described as follows:

From the Northeast corner of the Northwest 1/4 of the Northwest 1/4 of said Section 13 run thence South along the West 1/4 1/4 line of sold Section 13 a distance of 425.25 feet to a point on the Southwestern right-of-way boundary of TAMPA EAST BOULEVARD; run thence South 40°16'19" East along said right-of-way boundary of TAMPA EAST BOULEVARD a distance of 2410.54 feet; run thence South 49°43'41" West a distance of 350.00 feet; run thence South 87°49'31" West a distance of 500.60 feet; run thence North 89°22'02" West a distance of 60.00 feet to a point on the West right-of-way boundary of Massaro Boulevard; run thence South 00°37'58" West along said West right-of-way boundary of Massaro Boulevard a distance of 1479.92 feet to a point of curvature for a POINT OF BEGINNING:

From said Point of Beginning continue along said right-of-way boundary of Massaro Boulevard on an arc to the left a distance of 166.66 feet with a radius of 180.00 feet, subtended by a chord of 160.77 feet, chord bearing South 41°53'32" East to a point; thence South 37°34'57" West a distance of 32.25' feet; run thence North 84°25'02" West a distance of 338.56' feet; run thence South 05°09'47" West a distance of 570.84 feet; run thence North 84°25'02" West a distance of 422.02 feet; run thence North 00°37'58" East distance of 632.36 feet; run thence South 84°25'02" East a distance of 698.30' to a point of curvature; run thence on an arc to the left a distance of 82.82 feet with a radius of 50.00 feet, subtended by a chord of 73.70 feet, chord bearing North 48°06'28" East to a point of tangency; run thence North 00°37'58" East a distance of 50.34 feet to the POINT OF BEGINNING.

CONTAINING 6.97 ACRES MORE OR LESS.

EXHIBIT "B"

Execution Copy Dated 9/3/98

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TAMPA ELECTRIC COMPANY

TAMPA ELECTRIC COMPANY
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TIME-OF-DAY
GENERAL SERVICE - LARGE DEMAND
(OPTIONAL)

SCHEDULE: GSLDT

RATE CODE: 352.

AVAILABLE: Entire service area.

APPLICABLE: To any customer whose highest measured 30-minute interval billing demand has exceeded 999 KW one (1) or more months out of the twelve (12) consecutive monthly billing periods, including the current billing period. Also available to customers with demands at any level below 1,000 KW who agree to remain on this rate for at least twelve (12) months. Resale not permitted.

CHARACTER OF SERVICE: A-C; 60 cycles; 3 phase; at any standard Company voltage.

LIMITATION OF SERVICE: Standby service is permitted only for customers who generate less than 20% of their on-site load requirements or whose generating equipment is used for emergency purposes.

MONTHLY RATE:

Customer Facilities Charge:
\$255.00

Demand Charge:
\$ 2.36 per KW of billing demand, plus
\$ 5.08 per KW of peak billing demand

Energy Charge:
2.198¢ per KWH during peak hours
1.008¢ per KWH during off-peak hours

Fuel Charge:
Fuel charges are adjusted biannually by the Florida Public Service Commission, normally in April and October. The current fuel charge included in this tariff is shown on Sheet No. 6.020.

Continued to Sheet No. 6.341

ISSUED BY: G.F. Anderson, President

DATE EFFECTIVE: January 3, 1994

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Continued from Sheet No. 6.340

DEFINITIONS OF THE USE PERIODS: All time periods stated in clock time. (Meters are programmed to automatically adjust for changes from standard to daylight saving time and vice-versa.)

	<u>April 1 - October 31</u>	<u>November 1 - March 31</u>
Peak Hours: (Monday-Friday)	12:00 Noon - 9:00 PM	6:00 AM - 10:00 AM and 6:00 PM - 10:00 PM
Off-Peak Hours:	All other weekday hours, and all hours on Saturdays, Sundays, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be off-peak.	

BILLING DEMAND: The highest measured 30-minute interval KW demand during the month.

PEAK BILLING DEMAND: The highest measured 30-minute interval KW demand during peak hours in the month.

MINIMUM CHARGE: The customer facilities charge.

TERMS OF SERVICE: A customer electing this optional rate shall have the right to transfer to the standard applicable rate at any time without additional charge for such transaction, except that any customer who requests this optional rate for the second time on the same premises will be required to sign a contract to remain on this rate for at least one (1) year.

TEMPORARY DISCONTINUANCE OF SERVICE: Where the use of energy is seasonal or intermittent, no adjustments will be made for a temporary discontinuance of service. Any customer prior to resuming service within 12 months after such service was discontinued will be required to pay all charges which would have been billed if service had not been discontinued.

POWER FACTOR: When the average power factor during the month is less than 85%, the monthly bill will be increased \$0.002 for each kVARh by which the reactive energy numerically exceeds 0.619744 times the billing energy. When the average power factor during the month is greater than 90%, the monthly bill will be decreased \$0.001 for each kVARh by which the reactive energy is numerically less than 0.484322 times the billing energy.

Continued to Sheet No. 6.342

Continued from Sheet No. 6.341

METERING LEVEL DISCOUNT: When the customer takes energy metered at primary voltage, a discount of 1% of the energy and demand charge will apply.

When the customer takes energy metered at subtransmission or higher voltage, a discount of 2% of the energy and demand charge will apply.

TRANSFORMER OWNERSHIP DISCOUNT: When the customer furnishes and installs all primary voltage to secondary voltage line transformation from a primary voltage distribution feeder, a discount of 36¢ per KW of billing demand will apply.

When the customer furnishes and installs all subtransmission or higher voltage to utilization voltage substation transformation, a discount of 59¢ per KW of billing demand will apply.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power service shall be 60¢ per KW of billing demand. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

FUEL CHARGE: See Sheet No. 6.020.

ENERGY CONSERVATION CHARGE: See Sheet No. 6.020.

CAPACITY CHARGE: See Sheet No. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet No. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

PAYMENT OF BILLS: See Sheet No. 6.025.

ADDITIONAL BILLING CHARGES

TOTAL FUEL AND PURCHASED POWER COST RECOVERY CLAUSE

The total fuel and purchased power cost recovery factor shall be applied to each kilowatt-hour delivered, and shall be computed in accordance with the formula prescribed by the Florida Public Service Commission. The following fuel recovery factors by rate schedule have been approved by the Commission:

Rate Schedules	<u>RECOVERY PERIOD</u> (April 1998 through September 1998)					
	¢/KWH			¢/KWH	¢/KWH	¢/KWH
	<u>Fuel</u>	<u>Energy</u>	<u>Conservation</u>	<u>Capacity</u>	<u>Environmental</u>	
	<u>Standard</u>	<u>Peak</u>	<u>Off-Peak</u>			
RS	2.354	3.334	1.883	.165	.188	.033
GS	2.354	3.334	1.883	.161	.181	.033
TS	2.354	-	-	.161	.181	.033
SL-2	2.101	-	-	.063	.022	.032
OL-1&3	2.101	-	-	.063	.022	.032
GSD Secondary	2.340	3.314	1.872	.135	.139	.033
GSD Primary	2.340	3.314	1.872	.133	.139	.033
EV-X-Secondary	-	3.314	1.872	.135	.139	.033
EV-X-Primary	-	3.314	1.872	.133	.139	.033
GSLD-Secondary	2.340	3.314	1.872	.125	.123	.032
GSLD-Primary	2.340	3.314	1.872	.124	.123	.032
GSLD-Subtransmission	2.340	3.314	1.872	.123	.123	.032
SBF-Secondary	2.340	3.314	1.872	.125	.123	.032
SBF-Primary	2.340	3.314	1.872	.124	.123	.032
SBF-Subtransmission	2.340	3.314	1.872	.123	.123	.032
IS-1,IS-3	2.264	3.206	1.811	.011	.011	.031
SBI-1,SBI-3	2.264	3.206	1.811	.011	.011	.031

ENERGY CONSERVATION COST RECOVERY CLAUSE

An energy conservation cost recovery factor shall be applied to each kilowatt-hour delivered and shall reflect increases or decreases to the nearest .001¢ per KWH to recover the conservation related expenditures of the Company. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in Commission Rule 25-17.15, F.A.C.

Continued to Sheet No. 6.021

Continued from Sheet No. 6.02 TAMPA ELECTRIC COMPANY
PAGE 12 OF 28CAPACITY COST RECOVERY CLAUSE

In accordance with Commission Order No. 25773, Docket No. 910794-EQ, issued February 24, 1992, the capacity cost recovery factors shall be applied to each kilowatt-hour delivered.

ENVIRONMENTAL COST RECOVERY CLAUSE

In accordance with Commission Order No. PSC-96-1048-FOF-EI, Docket No. 960688-EI, issued August 14, 1996, the environmental cost recovery factors shall be applied to each kilowatt-hour delivered.

FLORIDA GROSS RECEIPTS TAX

In accordance with Section 203.01 of the Florida Statutes, a factor of 2.5641% is applicable to electric sales charges for collection of the state gross receipts tax.

FRANCHISE FEE ADJUSTMENT

Customers taking service within franchised areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the Customers' pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located, plus the appropriate gross receipts taxes and regulatory assessment fees resulting from such additional revenue.

Commercial / Industrial Service TAMPA ELECTRIC COMPANY
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SCHEDULE: CISR

AVAILABLE: Entire Service Area. Available, at the Company's option, to non-residential customers currently taking firm service or qualified to take firm service under the Company's Tariff Schedules GSD, GSDT, GSLD or GSLDT. Customers desiring to take service under this rider must make a written request for service. Such request shall be subject to the Company's approval with the Company under no obligation to grant service under this rider. Service under this rider may not begin before January 1, 2000. Resale not permitted.

This rider will be closed to further subscription by eligible customers when one of the three conditions has occurred: (1) The total capacity subject to executed Contract Service Arrangements ("CSAs") reaches 300 megawatts of connected load; (2) The Company has executed twenty-five (25) CSAs with eligible customers under this rider, or (3) Forty-eight months has passed from the initial effective date. The period defined by these conditions is the pilot study period. This limitation on subscription can be removed by the Commission at any time upon good cause having been shown by the Company based on data and experience gained during the pilot study period.

Tampa Electric is not authorized by the Florida Public Service Commission to offer a CSA under this rate schedule in order to shift existing load currently being served by a Florida electric utility pursuant to a tariff rate schedule on file with the Florida Public Service Commission away from that utility to Tampa Electric.

APPLICABLE: Service provided under this optional rider shall be applicable to all, or a portion of the customer's existing or projected electric service requirements which the customer and the Company have determined, but for the application of this rider, would not be served by the Company and which otherwise qualifies for such service under the terms and conditions set forth herein ("Applicable Load"). Two categories of Applicable Load shall be recognized: Retained Load (existing load at an existing location) and New Load (all other Applicable Load).

Applicable Load must qualify for and be served behind a single meter and must exceed a minimum level of demand determined from the following provisions:

Continued to Sheet No. 6.710

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE:

Retained Load: For Customers whose highest metered demand in the past 12 months was less than 10,000 KW, the minimum Qualifying Load would be the greater of 500 KW or 20% of the highest metered demand in the past 12 months; or

For Customers whose highest metered demand in the past 12 months was greater than or equal to 10,000 KW, the minimum Qualifying Load would be 2,000 KW.

New Load: 1,000 KW of installed, connected demand.

Any customer receiving service under this Rider must provide the following documentation, the sufficiency of which shall be determined by the Company:

1. Legal attestation by the customer (through an affidavit signed by an authorized representative of the customer) to the effect that, but for the application of this rider to the New or Retained Load, such load would not be served by the Company;
2. Such documentation as the Company may request demonstrating to the Company's satisfaction that there is a viable lower cost alternative (excluding alternatives in which the Company has an ownership or operating interest) to the customer's taking electric service from the Company; and
3. In the case of existing customer, an agreement to provide the Company with a recent energy audit of the customer's physical facility (the customer may have the audit performed by the Company at no expense to the customer) which provides sufficient detail to provide reliable cost and benefit information on energy efficiency improvements which could be made to reduce the customer's cost of energy in addition to any discounted pricing provided under this rider.

CHARACTER OF SERVICE: This optional rider is offered in conjunction with the rates, terms and conditions of the tariff under which the customer takes service and affects the total bill only to the extent that negotiated rates, terms and conditions differ from the rates, terms and conditions of the otherwise applicable rate schedules as provided for under this rider.

Continued to Sheet No. 6.720

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE

Continued from Sheet No. 6.710

MONTHLY CHARGES: Unless specifically noted in this rider or within the CSA, the charges assessed for service shall be those found within the otherwise applicable rate schedules.

Additional Customer Charges:

\$250.00

Demand/Energy Charges:

The negotiable charges under this rider may include the Demand and/or Energy Charges as set forth in the otherwise applicable tariff schedule. The specific charges, or procedure for calculating the charges, under this rider shall be set forth in the negotiated CSA and shall recover all incremental costs the Company incurs in serving the customer plus a contribution to the Company's fixed costs.

Provisions and/or Conditions Associated with Monthly Charges:

Any negotiated provisions and/or conditions associated with the Monthly Charges shall be set forth in the CSA and may be applied during all or a portion of the term of the CSA. These negotiated provisions and/or conditions may include, but are not limited to, a guarantee by the Company to maintain the level of either the Demand and/or Energy charges negotiated under this rider for a specified period, such period not to exceed the term of the CSA.

SERVICE AGREEMENT: Each customer shall enter into a sole supplier CSA with the Company to purchase the customer's entire requirements for electric service at the service locations set forth in the CSA. For purposes of the CSA "the requirements for electric service" may exclude certain electric service requirements served by the customer's own generation as of the date shown on the CSA. The CSA shall be considered a confidential document. The pricing levels and procedures described within the CSA, as well as any information supplied by the customer through an energy audit or as a result of negotiations or information requests by the Company and any information developed by the Company in connection therewith, shall be made available for review by the Commission and its staff only and such review shall be made under the confidentiality rules of the Commission.

Continued from Sheet No. 6.710

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE

The service agreement, its terms and conditions, and the applicability of this rider to any particular customer or specific load shall be subject to the regulations and orders of the Commission.

ISSUED BY: J. B. Ramil, President

DATE EFFECTIVE:

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Allied/CFI
Docket No. 000061-EI
Prefiled Rebuttal Testimony of Robert M. Namoff
Confidential Exhibit __ (RMN-18)

Allied/CFI
Docket No. 000061-EI
Prefiled Rebuttal Testimony of Robert M. Namoff
Confidential Exhibit __ (RMN-19)

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