

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to establish new  
standard offer contract for  
qualifying cogeneration and  
small power production  
facilities by Tampa Electric  
Company.

DOCKET NO. 981893-EQ  
ORDER NO. PSC-99-0748-FOF-EQ  
ISSUED: April 19, 1999

The following Commissioners participated in the disposition of  
this matter:

JOE GARCIA, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
JULIA L. JOHNSON  
E. LEON JACOBS, JR.

ORDER ESTABLISHING STANDARD OFFER CONTRACT  
AND APPROVING ASSOCIATED TARIFFS  
FOR TAMPA ELECTRIC COMPANY

BY THE COMMISSION:

On December 18, 1998, Tampa Electric Company (TECO) filed a  
Petition to Establish a New Standard Offer Contract for Qualifying  
Cogeneration and Small Power Production Facilities (Petition).  
According to its Petition, TECO's revised August, 1998, Ten-Year  
Site Plan identified the next planned generation addition as a 180  
megawatt (MW) combustion turbine (CT) unit with an in-service date  
of 2001. However, according to TECO, time constraints required it  
to base its proposed standard offer contract on an otherwise  
identical CT unit with an in-service date of 2003.

Subsequently, TECO submitted an Amended Petition To Establish  
A New Standard Offer Contract For Qualifying Cogeneration And Small  
Power Production Facilities (Amended Petition) and revised tariff  
sheets for a CT unit with an in service date of 2001. This order  
addresses the merits and substantive issues raised by TECO's  
Amended Petition.

Pursuant to federal law, the availability of standard rates  
is required for fossil-fueled qualifying facilities less than 100  
kilowatts (0.1 MW) in size. 16 U.S.C. 2601 et seq., 15 U.S.C. 791  
et seq., 16 U.S.C. 792 et seq., 18 CFR 292.304. Florida law

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requires us to "adopt appropriate goals for increasing the efficiency of energy consumption and increasing the development of cogeneration." Section 366.82(2), Florida Statutes. We are further directed to "encourage the development by local governments of solid waste facilities that use solid waste as a primary source of fuel for the production of electricity." Section 377.709, Florida Statutes.

The federal and state requirements are implemented through the cogeneration standard offer contract regulations. Pursuant to Rule 25-17.0832(4)(a), Florida Administrative Code, each investor-owned electric utility must file a tariff and a standard offer contract with us. These provisions effectuate the requirements of the Public Utilities Regulatory Policies Act (PURPA) and promote renewables and solid waste-fired facilities by providing a straightforward contract. Larger qualifying facilities and other non-utility generators may participate in a utility's Request For Proposal process.

To comply with our rules, in its Amended Petition TECO proposed a standard offer contract based on a CT unit with an in-service date of January 1, 2001. CT units normally require about 18 months to construct. Therefore, TECO will need to commence construction by July 1, 1999. Given that the eligibility pool for standard offer contracts is limited, it is highly unlikely that purchases made by TECO pursuant to the proposed standard offer contract will defer or avoid any utility generating facility, including TECO's 2001 CT unit. With its construction of the 2001 CT unit and its likely execution of some standard offer contracts, TECO will essentially pay twice for the same firm capacity. In effect, the standard offer contract's firm capacity payments amount to a subsidy to the qualifying facility. This subsidy is mandated by the requirements of the federal law and the implementation of state regulations.

TECO's proposed COG-2 (firm capacity and energy) tariff also complies with our rules (Rule 25-17.0832, Florida Administrative Code). The COG-2 tariff includes a procedure, outlined on tariff sheet numbers 8.285 through 8.300, establishing a series of successive two-week "open seasons" for receiving standard offer contracts. Also included are criteria for evaluating submitted standard offer contracts, as set forth in tariff sheet numbers 8.565 through 8.590. Therefore, any developer who signs TECO's standard offer contract should be well aware of the evaluation procedure and evaluation criteria. The avoided unit cost

parameters, contained on tariff sheet numbers 8.355 through 8.360, appear to be reasonable for a CT unit, and the resulting capacity payments contained on tariff sheet 8.225 are appropriate. The performance provisions are virtually the same as TECO's prior standard offer contract, which was also based on a CT unit. These provisions include dispatchability and on-peak performance incentives.

In addition to the proposed COG-2 tariff, TECO has updated its COG-1 (as-available energy) tariff and Interconnection Agreement. The COG-1 tariff complies with both TECO's Open Access Transmission Tariff, approved by the Federal Energy Regulatory Commission, and Rules 25-17.0832 and 25-17.0889, Florida Administrative Code. The Interconnection agreement complies with Rule 25-17.087, Florida Administrative Code.

In sum, we do not expect that TECO's proposed standard offer contract will result in the deferral or avoidance of the 2001 CT unit. Nonetheless, TECO's proposed contract and tariffs comply with our cogeneration rules and state and federal law. For this reason, we approve TECO's Amended Petition to establish its new standard offer contract and associated tariffs. TECO's Standard Offer Contract and associated tariffs shall become effective on March 30, 1999, the date of our vote on the matter.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company's Amended Petition To Establish A New Standard Offer Contract For Qualifying Cogeneration And Small Power Production Facilities and associated tariff sheets are approved. It is further

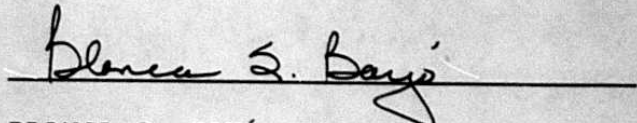
ORDERED that Tampa Electric Company's standard offer contract and associated tariffs became effective on March 30, 1999. It is further

ORDERED that if a protest is filed in accordance with the requirement set forth below, the tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

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By ORDER of the Florida Public Service Commission this 19th  
day of April, 1999.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

LJP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 10, 1999.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

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Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.