

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition of Progress Energy Florida, Inc. for approval of amendment to existing cogeneration contract with Pinellas County. | DOCKET NO. 041405-EQ
ORDER NO. PSC-05-0423-PAA-EQ
ISSUED: April 20, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING COGENERATION CONTRACT AMENDMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Progress Energy Florida, Inc. (Progress) currently purchases capacity and energy from Pinellas County's Solid Waste Operations Resource Recovery Facility under a Power Purchase Agreement. The contract requires a committed capacity of 54.75 megawatts for a term that expires at the end of 2024.¹ On December 16, 2004, Progress filed a petition for the approval of a letter agreement modifying the current agreement, which is attached to this Order as Attachment A and incorporated by reference herein. As discussed below, we approve the proposed modifications. We have jurisdiction pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes.

¹ The agreement was originally approved for cost recovery by the Commission pursuant to Order No. 21952, issued October 20, 1989 in Docket No. 890637-EQ, In re: Petition for approval of contracts between Florida Power Corporation (FPC) and Pinellas County. The contract was last modified pursuant to Order No PSC-01-1088-PAA-EQ, issued May 7, 2001, in Docket No. 010275-EQ, In re: Petition for approval of amendment to cogeneration contract with Pinellas County Resource Recovery Facility by Florida Power Corporation.

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FPSC-COMMISSION CLERK

Paragraph 4 of the current contract states:

- a. The County shall reduce its electric energy sales and deliveries to FPC by approximately 20 megawatts (MW) for an accumulative period totaling four calendar weeks each year, consisting of seven 24-hour days each such week.
- b. The reduction period referenced above shall be scheduled during the months of October, November and December. FPC shall have the right to designate the weeks during such months.

To provide greater operational flexibility to both the county and Progress, the parties concluded that it would be desirable to provide the opportunity to schedule planned outages at the facility during the Spring and Fall months, and to clarify that more than one 20 megawatt (MW) planned outage can be scheduled at the facility at the same time. The county and Progress have amended the current agreement by modifying the above paragraph. The new language is underlined as follows:

- a. The County shall reduce its electric energy sales and deliveries to PEF by approximately 20 megawatts (MW) for an accumulative period totaling four calendar weeks each year, consisting of seven 24-hour days each such week. These 20 MW reductions may be combined so that a 40 MW reduction for one week is the equivalent of two 20 MW reductions for one week.
- b. The reduction periods referenced in subparagraph 4(a) above shall be scheduled during the months of March, April, October, November or December. PEF shall have the right to designate the weekly periods during such months.

Progress states that the planned outages subject to the Amendment are not included in calculating the facility's capacity factor and the amendment has no effect on the economics or cost-effectiveness of the contract with Pinellas County.

We agree that the proposed changes to the current contract will allow for better coordination and scheduling of planned outages and better load management, and since the proposed changes will not be included in calculating the facility's capacity factor and do not affect the economics or cost-effectiveness of the contract, we approve them.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition of Progress Energy Florida, Inc. for approval of amendment to existing cogeneration contract with Pinellas County is approved. It is further

ORDERED that this Order shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that upon the issuance of a Consummating Order, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 20th day of April, 2005.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

MCB

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 that is available under Section 120.57, 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 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 action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This

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petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 11, 2005.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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