

AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

030959-E1

October 1, 2003

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition by Tampa Electric Company for Approval of Extending the Pilot Green Energy Rate Rider and Program

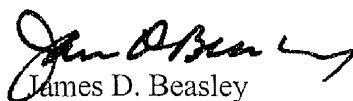
Dear Ms. Bayo:

Enclosed for filing in the above-styled matter are the original and fifteen (15) copies of Petition by Tampa Electric Company for Approval of Extending the Pilot Green Energy Rate Rider and Program.

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

JDB/pp
Enclosure

DOCUMENT NUMBER DATE

09478 OCT-13

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa Electric)
Company for Approval of)
Extending the Pilot Green Energy)
Rate Rider and Program.)
_____)

DOCKET NO. _____
FILED: October 1, 2003

**PETITION BY TAMPA ELECTRIC COMPANY FOR APPROVAL OF
EXTENDING THE PILOT GREEN ENERGY RATE RIDER AND PROGRAM**

Tampa Electric Company (“Tampa Electric” or “the company”) pursuant to Chapter 366.075 and 25-17.015 (4 and 5), Florida Administrative Code, files this petition with the Florida Public Service Commission (“the Commission”) for approval of an extension to the company’s pilot green energy rate rider (“GE rate rider”) and program through December 2006 and in support thereof states:

1. The name, address and telephone number of the petitioner are as follows:

Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-4111
(813) 228-1770 (fax)

2. Tampa Electric requests that copies of all pleadings, orders, notices and other documents submitted in this proceeding be furnished to the following:

Angela Llewellyn
Administrator, Regulatory Coordination
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-1752
(813) 228-1770 (fax)

Lee L. Willis
James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115
(850) 222-7952 (fax)

3. In this petition, Tampa Electric seeks approval to extend the company's existing pilot Green Energy program and GE rate rider through December 2006. This extension will continue to provide Tampa Electric's residential, commercial and industrial customers an opportunity to purchase blocks of renewable, environmentally friendly ("green") energy from a portfolio of green energy sources. The proposed tariff sheet is provided in standard and legislative formats as Exhibit "A" and Exhibit "B", respectively, attached to this petition.

4. In Docket No. 000697-EI, Order No. PSC-00-1741-TRF-EI, issued September 25, 2000 the Commission approved the company's pilot green energy program and green energy tariff through December 31, 2003. Subsequent to Commission approval, Tampa Electric mobilized its initial offering to customers and began incurring expenses on November 1, 2000. The original pilot program was structured to provide customers the option to purchase 50 kWh blocks of renewable energy at \$5 per block with a maximum limit of five blocks per customer. A subsequent modification to the program occurred in Docket No. 010423-EI, Order No. PSC-01-1238-TRF-EI, issued June 4, 2001 which eliminated the purchase limit of five blocks per customer.

5. Tampa Electric's portfolio of renewable energy resources is located within the company's service area thereby delivering the environmental benefits to the region. The green energy resources include solar energy from a company-owned photovoltaic ("PV") generating facility, green energy from biomass fuels utilized in existing steam generating facilities and green energy from a micro-turbine fueled by landfill gas.

6. Currently, Tampa Electric is the only investor-owned utility in Florida with an approved green energy program and has experienced modest success with the pilot program. Through August 2003, there are 213 participating customers purchasing some 300 blocks of

renewable energy. Exhibit “C” attached to this petition provides the detail on the company’s experience to date and gives insight into Tampa Electric’s plans and expectations over the next three years.

7. Customer participation has been less than anticipated. Tampa Electric’s original projection of participants was based on national data from the National Renewable Energy Laboratory that indicated one to two percent of the customer base was achievable. Although that level has not been reached, there remains a customer segment willing to participate when given the opportunity to more fully understand the merits of the program. Also, commercial customers in specific are very price conscious concerning the incremental cost of green energy. Therefore, Tampa Electric is seeking approval for a modified structure to the green energy block size and price. The company is proposing a block size of 100 kWh for \$5 per block. This translates to an incremental price of five cents per kWh for the extension period requested.

8. Tampa Electric is requesting that the extension of the pilot green energy program with the modified kWh block size continue to be funded through the two current sources. These current sources are: 1) the revenues from participating customers, and 2) a research and development (“R&D”) allocation from the company’s approved Conservation R&D Program (approved in Docket No. 991791-EG, Order No. PSC-00-0754-PAA-EG, issued April 17, 2000). The requested Conservation R&D Program allocation is \$150,000 to be spread over the entire three-year extension period. As with other Conservation R&D funding requests from the previously referenced docket, this amount requires administrative approval by the Commission Staff with review for prudence occurring annually during the Energy Conservation Cost Recovery Clause true-up filing and audit process. Usage of the allocation will be directed toward program administration costs, stronger education of customers on the attributes of green

energy, monitoring and evaluating program progress, testing alternative marketing efforts and investigating the potential of new renewable resources.

9. Exhibit "D" to this petition provides the cost support for the \$5 monthly charge per block of renewable energy. That amount is the incremental, additional cost of green energy above the standard tariff.

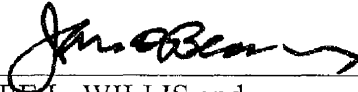
10. The change in the size of the renewable energy block available for purchase and the allocation from the Conservation R&D Program are the only modifications sought by Tampa Electric at this time. All other components of the current pilot green energy program previously approved by the Commission will remain in place. By this petition, Tampa Electric is seeking to provide current customers the opportunity to continue their participation while employing new methods to secure additional green energy participants among all customer classes.

11. Tampa Electric will continue to assess the status of the program during this extended pilot period to determine if customer participation and/or the availability of renewable energy warrant program continuation. If customer participation and cost recovery is satisfactorily achieved and the program can be sustained on a stand-alone basis at the end of the extended pilot program period, Tampa Electric expects to file a permanent green energy offering for approval.

WHEREFORE, Tampa Electric respectfully requests the Commission to grant approval of this extension to the company's pilot green energy rate rider and pilot program through December 2006. It is further requested that the effective date of the extension be January 1, 2004 so as to maintain continuity for the customers currently participating in the program.

DATED this 1st day of October, 2003.

Respectfully submitted,



LEE L. WILLIS and
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

Tampa Electric Company
Exhibit A
Proposed Tariff Sheet – Standard Format

GREEN ENERGY RIDER - PILOT PROGRAM

(OPTIONAL)

SCHEDULE: GE

RATE CODE: 910

AVAILABLE: To all customers served throughout the Company's service area. Pilot Program available until December 31, 2006.

APPLICABLE: Applicable, upon request, to all customers in conjunction with all standard rates. Customer billing will start on the next billing cycle following receipt of the service request.

CHARACTER OF SERVICE: Green Energy Rider customers will be served from the existing electrical system. Customers may purchase 100 kWh blocks of green energy produced at or purchased from photovoltaic facilities, facilities utilizing biomass fuel, and/or specifically delivered from other clean, renewable energy sources. The green energy may not be delivered to the customer, but will displace energy that would have otherwise been produced from traditional fossil fuels.

LIMITATION OF SERVICE: Customers requesting service under the rider will be accepted on a first-come first-served basis subject to availability of green energy. If additional green energy is not available, customers requesting service under the optional rider may request to be put on a waiting list until additional green energy can be secured to serve request.

MONTHLY RATE: \$5.00 per 100 kWh premium in addition to charges applied under otherwise applicable rate schedules.

TERM OF SERVICE: Service under the GE rider shall be for a term of one (1) year and may be terminated by the customer with two (2) months notice. Such two months notice to terminate can be given at any time following the tenth month of service. After completion of the initial 12-month term, service will be provided thereafter on a month-to-month basis. Changes in the number of blocks purchased will not initiate a new term of service nor be counted as a termination of service.

ISSUED BY: W. N. Cantrell, President

DATE EFFECTIVE:

Tampa Electric Company
Exhibit B
Proposed Tariff Sheet – Legislative Format

GREEN ENERGY RIDER - PILOT PROGRAM**(OPTIONAL)****SCHEDULE: GE****RATE CODE: 910**

AVAILABLE: To all customers served throughout the Company's service area. Pilot Program available until December 31, 2006-2003.

APPLICABLE: Applicable, upon request, to all customers in conjunction with all standard rates. Customer billing will start on the next billing cycle following receipt of the service request.

CHARACTER OF SERVICE: Green Energy Rider customers will be served from the existing electrical system. Customers may purchase 100-50 kWh blocks of green energy produced at or purchased from photovoltaic facilities, facilities utilizing biomass fuel, and/or specifically delivered from other clean, renewable energy sources. The green energy may not be delivered to the customer, but will displace energy that would have otherwise been produced from traditional fossil fuels.

LIMITATION OF SERVICE: Customers requesting service under the rider will be accepted on a first-come first-served basis subject to availability of green energy. If additional green energy is not available, customers requesting service under the optional rider may request their to be put on a waiting list until additional green energy can be secured to serve request.

MONTHLY RATE: \$5.00 per 100-50 kWh premium in addition to charges applied under otherwise applicable rate schedules.

TERM OF SERVICE: Service under the GE rider shall be for a term of one (1) year and may be terminated by the customer with two (2) months notice. Such two months notice to terminate can be given at any time following the tenth month of service. After completion of the initial 12-month term, service service will be provided thereafter on a month-to-month basis. Changes in the number of blocks purchased will not initiate a new term of service nor be counted as a termination of service.

ISSUED BY: W. N. Cantrell J. B. Ramil, President**DATE EFFECTIVE: May 15, 2004**

Tampa Electric Company
Exhibit C
Tampa Electric's Pilot Green Energy Program Experience

Smart Source

Tampa Electric's Renewable Energy Program

Pilot Performance

Interest and demand for cleaner renewable sources of electric energy have increased significantly toward the end of the last decade. Tampa Electric was motivated to offer a renewable energy program to enhance its long-standing reputation and commitment to provide clean and reliable electric service. Furthermore, a green energy program would allow customers to choose their source of electric generation and would afford Tampa Electric an opportunity to gain experience in acquiring, operating and managing new renewable electric power generating sources.

Overview

In order to investigate the feasibility of this program, several stakeholder groups were contacted and research materials were reviewed during the development of Tampa Electric's renewable energy program, Smart Source. Members of local chapters of environmental groups (e.g., Sierra Club, Audubon Society, etc.) were contacted and asked for input into the development and promotion of renewable energy technologies. Industry experts at the Department of Energy, National Renewable Energy Laboratory ("NREL"), Florida Solar Energy Center and others were contacted to provide guidance and insight into the available technologies and resource options available for a renewable energy program.

Tampa Electric's Program Development staff attended the 5th National Green Power Marketing Conference in Denver, Colorado and conducted several group and individual focus panel studies in order to gain further insight into the marketing aspects of renewable energy programs. The company also reviewed several technology options in the development of a renewable energy program (e.g., wind, geothermal, biomass, solar photovoltaics ("PV"), etc.) and found a suitable program could be designed using a combination of solar PV and biomass.

The public response, as collected from industry studies and internal research, suggested that end-use consumers would be willing to allocate \$5 per month to participate in a renewable energy program. In addition, 20 percent of the respondents indicated they would support renewable energy if offered by their utility.

Resource constraints (both natural and capital resources) provided a unique opportunity for Tampa Electric to take advantage of two different renewable energy technologies, biomass and solar PV, while still providing a reasonable price point for the end-use

consumer. The company recognized that high technology solar PV should be used as an educational tool and all future solar installations will be located on sites that provide a high level of public visibility, where feasible.

Smart Source rate design was based on information from company and NREL surveys, corresponding market forecasts, utilization of practical renewable resources available to Tampa Electric, associated operating and maintenance expenses, program administration and marketing costs. The result was a rate of \$5 for each 50 kWh block of renewable energy generated.

Program price structure was designed to allow for additional investment in solar PV pending sufficient levels of customer participation. An initial limit of five blocks per customer was placed on the program to ensure all Tampa Electric customers would have the opportunity to participate in the program. Program development was finalized and the request for a pilot program with approval of \$100,000 in Energy Conservation Cost Recovery funding over three years was filed with the Commission on June 8, 2000. The pilot program was approved by the Commission in Docket No. 000697-EI, Order No. PSC-00-1741-TRF-EI, issued September 25, 2000. Subsequent to approval the program was launched November 1, 2000.

On April 9, 2001 Tampa Electric petitioned the Commission to modify its pilot program by removing the maximum purchase limit of five 50 kWh blocks of renewable energy per customer. This was requested with the belief that increased participation by local businesses would improve the visibility of the program and increase the public's awareness of renewable energy technologies. This modification was approved in Docket No. 010423-EI, Order No. PSC-01-1238-TRF-EI, issued June 4, 2001.

Initial efforts for the program focused on growing customer participation through program introduction and education. Tampa Electric sought opportunities to inform and educate customers about renewable energy technologies and solicit participation for the program. In addition, the company managed customer participation levels with program expenditures to ensure appropriations of program support dollars were spent in an effective and efficient manner.

Marketing

The marketing efforts by Tampa Electric have taken several paths. The company has employed traditional initiatives such as bill inserts, newspaper and television, messages on customers' bills, post cards, trade shows, door hangers and billboards. Also, direct mailing to customers profiled as environmentally conscience, letters to governmental agencies requesting their leadership to be demonstrated in support of renewable energy and an article in the company's small business magazine have been utilized. Tampa Electric has also added a dedicated phone line for subscriptions or additional information, placed a link on the company's web site and provided presentations on the attributes of renewable energy to civic organizations and church groups.

A Power Partner's program for commercial customers signing up for five or more blocks has been developed to recognize commercial subscribers for their commitment to a better environment. Other creative marketing strategies are currently being developed through a consultant and will be deployed early in 2004. In addition, a quarterly newsletter with program status, new renewable energy developments and conservation tips is disseminated to subscribers to help further educate them on the attributes of green energy, acknowledge the benefits derived through their participation and to help sustain their financial support for the program.

Through August 2003, there are 213 customers supporting the Smart Source program with some 300 blocks of energy subscribed. Although subscription levels have not met expectation, several utilities offering green energy programs have had similar experiences with customers who, when surveyed, said they would financially support a renewable energy offering, but when it was made available, the utilities realized a significantly lower level of customer commitment.

Renewable Energy Resources

Tampa Electric's renewable resources include an 18 kW PV array located at the Museum of Science and Industry in Tampa, the co-firing of biomass at Gannon Station and the recently added 30 kW micro-turbine utilizing landfill gas as a renewable fuel source.

The 18 kW PV array has performed well producing approximately 1,500 kWh each month.

Co-firing operations at Gannon Station have been quite successful with only occasional unit restrictions due to fuel problems caused by improper sizing of biomass materials. With the transition of Gannon Station to the natural gas fired Bayside Station, Smart Source will look for alternative sources of qualified renewable generation including the co-firing of biomass at Polk Power Station, additional landfill gas generation and purchases from regionally produced green energy.

Tampa Electric's latest renewable resource is a 30 kW micro turbine operating on landfill gas. The unit was placed in commercial operation in March 2003. Reliability of the micro turbine has been good with unit operation expected to be at an 85 percent capacity factor.

Future Efforts

The demand for renewable energy is growing both nationally and within the state of Florida due to customers becoming aware of the attributes afforded by green power. Although Florida's environment is perceived to be better than most states, once customers who are environmentally sensitive are educated about future air quality concerns, they typically begin participation in Tampa Electric's program. Therefore, the company will continue to target customers who have a propensity to support and promote friendly environmental postures. Also, through the additional efforts of a consulting

firm, Tampa Electric expects to launch specific marketing efforts aimed at governmental customers who can demonstrate leadership as environmental stewards. Additionally, the company is exploring the utilization of consulting services to develop plans for other niche marketing efforts.

Tampa Electric is requesting the Commission to approve an extension of the renewable energy pilot program Smart Source through 2006. The extension will provide an opportunity to further educate customers on the merits of renewable energy and allow Tampa Electric to acquire additional experience in developing and managing new and existing renewable energy sources.

Although the cost of some renewable technologies has improved, energy from renewable resources continues to be more expensive than energy from fossil generation. As green energy programs are implemented and maintained throughout the state, the expected reduced cost of renewable generation may be offset by the higher demand for green energy. Tampa Electric's request for program extension includes two modifications from the current program offering: 1) a modification in block size available for purchase from 50 kWh to 100 kWh and 2) a \$150,000 allocation from the company's approved Conservation R&D Program to be utilized over the three-year extension period. The company believes these modifications will enhance subscription levels where price consciousness is a customer concern. Tampa Electric will also continue to investigate the viability of developing or acquiring new, lower cost green energy supplies.

Tampa Electric strongly supports a cleaner environment for Florida. Renewable energy is just one of many initiatives the company has undertaken to ensure that our environment is protected for current and future inhabitants. Tampa Electric urges the Commission's approval of the company's petition for program extension.

Tampa Electric Company
Exhibit D
Cost Support for Extension of Green Energy Pilot Program

**Smart Source Pilot Program
Proposed 3-Year Extension**

A	Energy from Biomass Over Three-Year Period	674,000	kWh
B	Energy from Landfill Gas Turbine Over Three-Year Period	531,644	kWh
C	<u>Energy from Photovoltaic Array Over Three-Year Period</u>	<u>54,000</u>	kWh
D	Total Energy Renewable Resources (A+B+C)	1,259,644	kWh
E	Biomass Incremental Expense	\$ 0.0090	per kWh
F	Landfill Gas Turbine Incremental Expense	\$ 0.0953	per kWh
G	Photovoltaic Array Incremental Expense	\$ 1.1446	per kWh
H	Biomass Incremental Expense (Line A x Line E)	\$ 6,062	
I	Landfill Gas Turbine Incremental Expense (Line B x Line F)	\$ 50,671	
J	Photovoltaic Array Incremental Expense (Line C x Line G)	\$ 61,807	
K	<u>Program Incremental Admin & Mktg Cost</u>	<u>\$ 94,000</u>	
L	Total Smart Source Program Expense (Sum Lines H - K)	\$ 212,541	
M	Contribution from ECCR	\$ 150,000	
N	Net Smart Source Expense (Line L - Line J)	\$ 62,541	
O	Smart Source \$/kWh Cost (Line N ÷ Line D)	\$ 0.0496	per kWh