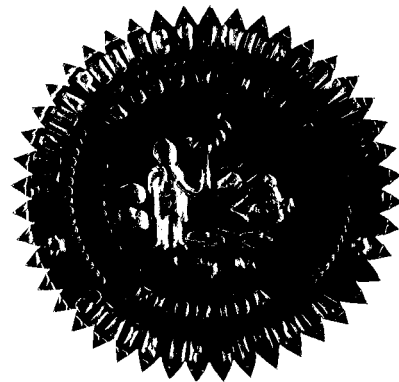


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060678-EG

PETITION FOR APPROVAL TO MAKE RENEWABLE
ENERGY PILOT PROGRAM (F/K/A GREEN ENERGY
RATE RIDER) PERMANENT, BY TAMPA ELECTRIC
COMPANY.



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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 13

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Tuesday, December 5, 2006

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

DOCUMENT NUMBER-DATE

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1 PARTICIPATING:

2 JAMES D. BEASLEY, ESQUIRE, and HOWARD T. BRYANT,
3 representing Tampa Electric Company.

4 SHEVIE BROWN, representing the Florida Public Service
5 Commission Staff.

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CHAIRMAN EDGAR: We are on Item 13.

MS. BROWN: Good morning. My name is Shevie Brown.
I'm here on behalf of staff.

Item 13, Commissioners, is staff's recommendation concerning Tampa Electric Company's petition to make its Renewable Energy Pilot Program permanent. We're recommending that the Commission approve TECO's petition to make their Renewable Energy Pilot Program permanent. We're here to answer any questions, and there are some representatives of the company here if you have any questions for them as well.

CHAIRMAN EDGAR: Thank you.

MR. BEASLEY: Madam Chairman, Commissioners, I'm James Beasley for Tampa Electric Company. With me today is Mr. Howard T. Bryant, who's Manager of Rates for Tampa Electric Company. We fully support the staff recommendation and are available to answer any questions you may have.

CHAIRMAN EDGAR: Thank you, Mr. Beasley.

Commissioner Deason.

COMMISSIONER DEASON: Yes. Mr. Beasley, first of all, you agree with staff's recommendation that Account 253 is the appropriate account to use for these deferred credits?

MR. BEASLEY: Yes, sir.

COMMISSIONER DEASON: Okay. And the second question that I have is concerning the, the, whether the program will

1 continue to be self-sustaining with the increase of the energy
2 block size.

3 MR. BEASLEY: We believe that to be the case. And
4 Mr. Bryant can supplement that answer.

5 MR. BRYANT: That question was put forth to us by the
6 staff as well, and we supplied them with a hypothetical
7 situation of a thousand blocks of energy, renewable, excuse me,
8 energy being purchased over a 12-month time period. And we
9 gave an indication of what the current situation would be at
10 100-kilowatt hours per block, and then looked at what the costs
11 would be for 200-kilowatt hours a block for that 1,000-block
12 purchase.

13 When you look at the composition of the components or
14 the resources that make up the renewable energy, you have PV
15 systems, you have landfill gas and you have predominantly a
16 biomass. Well beyond 95 percent of the energy is biomass. The
17 good part about the biomass is the incremental cost is the
18 smallest. It is ranging anywhere from a half a cent to a penny
19 above the fuel that would have been purchased or would have
20 been utilized at the time that we made that purchase. And so
21 with that small amount of incremental cost, that's the
22 component that you in essence will double as you go from 100 to
23 200. And so by the weighting of those numbers, you bring the
24 weighted average cost of the renewable energy on the
25 200-kilowatt hour block down to about one penny versus

1 approximately a penny and a half at the current 100-kilowatt
2 hour level. That's why it becomes effective or, or reasonable
3 to do that.

4 Now the reason we want to go to 200-kilowatt hours is
5 we believe that the next best potential for customer growth is
6 in the commercial sector. And commercial folks are very
7 sensitive to the price. And at five cents per kilowatt hour,
8 which would be \$5 at 100-kilowatt hours, at 5 cents they were
9 basically holding their hands up saying we're not willing to do
10 that. The national average is somewhere around 2.4 cents, and
11 so by bringing it down to a 200 -- getting it down to 2.5
12 cents, which would be 200-kilowatt hours per block, at still
13 five bucks you are close to that national average. Now what
14 that does for us is allows us to go through our service
15 territory and find those companies that on a national basis are
16 interested first in renewable energy. And then, secondly, if
17 there's a utility where they have their facilities doing
18 business, then they're more inclined to want to purchase again
19 because the price is more at that national level. So that's,
20 that's where we see this going and that's why we want to
21 administer the program in the manner in which we've petitioned.

22 COMMISSIONER DEASON: May I follow up? Do you see
23 that there's the potential enhancement of additional
24 residential participation with increasing the block size?

25 MR. BRYANT: Yes, although the residential customer

1 is not as sensitive. They look at it more as a \$5 fee, if you
2 will. Still you have those that are savvy to the price and are
3 willing to now begin to participate, and so you're looking for
4 those customers who are sensitive to the environment, you're
5 looking for those customers that are looking for value at
6 trying to help the environment. And so to the extent that we
7 can target our marketing to those folks, find them and target
8 appropriately with the least expensive way of marketing, then
9 they're also going to come on board, which has been our
10 experience.

11 We anticipated over this pilot period that we would
12 probably add some 900 plus blocks of energy. In fact, we've
13 added almost 2,000 blocks of energy. And we've done that by
14 focusing initially our broad marketing efforts down to a more
15 narrow focus where we find the right folks, what's the pattern,
16 what's the right way to market to them, what's the least
17 expensive way, and what's the repetitive way to get to them?
18 We've also found that you don't necessarily find that person
19 with just a one-time marketing effort. You begin with a good
20 piece of information that has a full explanation to it in terms
21 of renewable energy and what your company is doing and what it
22 wants to do. Then you come back at a certain point in time and
23 you, if you will, tickle them with another piece of information
24 and then you do it one more time. The more we talk to the
25 potential audience on a repetitive basis, then finally they

1 make their buying decision. And so that's what we are
2 experiencing.

3 COMMISSIONER DEASON: I have no more questions. I
4 can make a motion.

5 CHAIRMAN EDGAR: Commissioner Carter has a, I think,
6 has a question first.

7 COMMISSIONER CARTER: Not a question, Madam Chair,
8 just a comment about this is something that, you know, this
9 Commission is enthusiastic about, and that's renewables
10 becoming more and more a portion of the generation mix. And I
11 think this is a great opportunity to see where a program has
12 gone from a pilot status to an ongoing process, and I
13 wholeheartedly support this.

14 CHAIRMAN EDGAR: Thank you. Commissioner Deason.

15 COMMISSIONER DEASON: If that's a motion, I second
16 the motion.

17 COMMISSIONER CARTER: That's a motion.

18 CHAIRMAN EDGAR: Commissioners, any discussion?
19 Seeing none, all in favor of the motion, say aye.

20 (Unanimous affirmative vote.)

21 Oppose? Show it adopted.

22 (Agenda Item 13 concluded.)

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1 STATE OF FLORIDA)
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

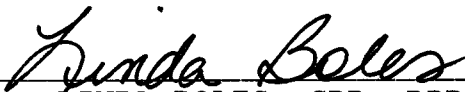
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I, LINDA BOLES, CRR, RPR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 12th DAY OF DECEMBER, 2006.


LINDA BOLES, CRR, RPR
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