

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 17, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Regulatory Analysis (Gilbert) *RLT*
Office of the General Counsel (Brown) *MCB 7/7*

RE: Docket No. 100043-EQ – Petition for approval of revisions to tariff interconnection agreements by Tampa Electric Company.

AGENDA: 06/29/10 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 09/21/10 (8 month effective date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\RAD\WP\100043.RCM.06-29-10.DOC

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Case Background

On January 21, 2010, Tampa Electric Company (TECO or Company) filed a petition for approval of revisions to the current standard interconnection agreements for non-export parallel operators, and Tier 1, Tier 2, and Tier 3 customer-owned renewable generators, and associated tariff sheets 8.1015 – 8.1130. On September 24, 2008, the Commission approved TECO's petition for approval of standard interconnection agreements for expedited interconnection of customer-owned renewable generation and associated net metering tariff, by Order No. PSC-08-0624-TRF-EI.¹

¹ Docket No. 080255-EI, In re: Petition for approval of standard interconnection agreements for expedited interconnection of Customer-owned renewable generation and associated net metering tariff, by Tampa Electric Company.

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The Company's standard interconnection agreement for non-export parallel operators was approved by Order No. PSC-08-0658-TRF-EI, on October 7, 2008.² These standard interconnection agreements are designed to provide customers a simplified method of interconnecting their electric generation systems in a low-cost, expedited manner. The proposed revisions submitted by TECO are intended to clarify the insurance and indemnification sections of the standard interconnection agreements. First, customers would be allowed to self-insure as an alternative to the insurance requirements of certain interconnection agreements. Second, the indemnification section of the agreements would be revised by adding "claims" to the list of items against which the customer and Company agree to indemnify each other. Also, indemnity coverage would be extended to include subsidiaries, affiliates, employees, officers and directors of both the customer and the Company.

By Order No. PSC-10-0183-PCO-EQ, issued March 29, 2010, the Commission suspended TECO's proposed tariff revisions until the amendments submitted could be reviewed.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.81, 366.82, 366.91, and 366.92, Florida Statutes.

² Docket No. 080254-EI, In re: Petition for approval of standard interconnection agreement for non-export, parallel operators, by Tampa Electric Company.

Issue 1: Should the Commission approve the revisions submitted by Tampa Electric Company amending its non-export parallel operators and customer-owned renewable generation standard interconnection agreements.

Recommendation: Yes. The proposed revisions to TECO's tariff and standard interconnection agreements will promote the use of alternative and renewable generation by allowing customers an additional method with which to indemnify and insure their equipment. (Gilbert)

Staff Analysis: As provided under TECO's currently approved tariff for non-parallel operator agreements, customers are only required to sign an interconnection agreement if their backup generator will be operating in parallel with TECO's system. The standard interconnection agreements for Tier 1, Tier 2, and Tier 3 customer-owned renewable generation are intended to provide customers a simplified process to expedite the interconnection of their renewable generation in order to take advantage of net metering permitted by Commission Rule 25-6.065, Florida Administrative Code (F.A.C). Customer Standard Interconnection Agreements are defined in Rule 25-6.065(4) 2, F.A.C. as Tier 1 generators rated at 10kW or less; Tier 2 generators rated greater than 10kW and less than or equal to 100kW; or Tier 3 generators rated greater than 100kW and less than or equal to 200kW.

The proposed revisions to TECO's tariffs will clarify the indemnity portion of the agreement by adding "claims" to its indemnification of "liability, loss, damage, cost, or expenses." TECO has added "claims" to the list for both the customer's and Company's indemnity obligation to make clear that the indemnification attaches at the point of a claim. To date, TECO has not filed a claim, nor has a claim been filed against the Company.

Also, TECO proposes to include in the indemnity portions of each standard interconnection agreement language that would indemnify subsidiaries, affiliates, employees, officers and directors of both the customer and the Company. This proposed revision will provide an additional level of flexibility and protection to both the customer and the Company.

TECO also proposes to allow customers with non-export parallel operator and Tier 2 and Tier 3 customer-owned renewable generation standard interconnection agreements to self-insure equipment and liability, upon approval by the Company. According to information provided by TECO, customers must provide proof of sufficient capital to insure any loss, liability, damage, claims or expenses while operating their power generating equipment. If this revision is approved by the Commission, TECO will notify all non-export parallel operators and Tier 2 and Tier 3 customers with standard interconnection agreements of their option to self-insure.

The proposed tariff amendments provide an additional degree of flexibility allowing customers to self-insure, and they add fairness to the indemnity portion of the agreement. TECO currently has 49 non-parallel operator facilities connected for 5 different customers. Some of these customers have requested to self-insure, and are awaiting the approval of this petition.

Finally, TECO updated its tariff and will notify a customer within 30 days of its request as to whether TECO accepted the insurance request. This addition would provide the customer a time certain to receive a response to its request to self-insure.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation and no person whose substantial interests are affected requests a hearing to address this matter, then Docket No. 100043-EQ should be closed upon issuance of a Consummating Order, and the tariff should become effective on June 15, 2010. If a protest is filed within 21 days of the issuance of the Commission's order, the tariff should remain in effect pending resolution of the protest. Potential signatories to the tariff should be aware that TECO's tariff may be subject to a request for hearing, and if a hearing is held, may subsequently be revised. (M. Brown)

Staff Analysis: Yes. If the Commission approves staff's recommendation to approve the proposed tariff revisions filed by TECO, and no person whose substantial interests are affected requests a hearing to address this matter, then Docket No. 100043-EQ should be closed upon issuance of a Consummating Order, and the tariff should become effective on June 15, 2010. If a protest is filed within 21 days of the issuance of the Commission's order, the tariff should remain in effect pending resolution of the protest. Potential signatories to the tariff should be aware that TECO's tariff may be subject to a request for hearing, and if a hearing is held, may subsequently be revised.