

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 27, 2013

TO: Office of Commission Clerk (Cole)

FROM: Division of Economics (Draper, Garl) *ED*
Division of Engineering (Ellis) *POE PV*
Office of the General Counsel (Brown) *J.W.P. MCB JSC TJS*

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13 JUN 27 AM 9:17
COMMISSION CLERK

RE: Docket No. 130170-EI – Petition for approval for extension of Commission's approval of special contract, by Tampa Electric Company.

AGENDA: 07/09/13 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECO\WP\130170.RCM.DOC

Case Background

In Order No. PSC-13-0120-PAA-EI, the Commission approved a special contract between Tampa Electric Company (TECO) and a potential new customer (Customer) that is considering building a large manufacturing facility in TECO's service area.¹ The Customer is considering locating its new facility at several alternative sites around the country. The Customer's new facility would be a very large, non-firm electric load with electric supply costs representing a substantial portion of the cost of its operations. Although the Customer will need

¹ Order No. PSC-13-0120-PAA-EI, issued March 11, 2013, in Docket No. 130037-EI, In re: Petition for approval of special contract by Tampa Electric Company.

to negotiate contracts with a number of other suppliers of goods and services, wherever it decides to locate its new facility, the cost of electric power is a key consideration in the Customer's decision-making process on where to locate its proposed new facility.

At the time TECO filed its petition for approval of the special contract TECO expected the Customer to make a decision by the end of March 2013 regarding the location of its facility. The special contract was approved on the condition that the approval would be rendered null and void if the special contract is not fully executed within 90 days of the date of a Commission Order approving the special contract. Order No. PSC-13-0120-PAA-EI was made final by the Commission's Consummating Order issued April 5, 2013.² Thus, the special contract expires on July 4, 2013.

TECO explained that the Customer requires additional time to complete the site selection process and TECO wants its service area to remain a viable candidate for the location of the Customer. Accordingly, TECO filed a petition on June 21, 2013, requesting a four-month extension of the special contract through November 4, 2013. In addition, TECO requests that staff be authorized to administratively approve a 60-day extension beyond November 4, 2013, in the event the Customer needs a further extension. The Commission has jurisdiction in this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes.

² Order No. PSC-13-0149-CO-EI, issued April 5, 2013.

Discussion of Issues

Issue 1: Should the Commission approve TECO's petition for a four-month extension of Commission approval of the special contract?

Recommendation: Yes, the Commission should approve TECO's petition for a four-month extension of Commission approval of the special contract through and including November 4, 2013. Staff should be authorized to administratively approve a 60-day extension beyond November 4, 2013, if needed. (Draper)

Staff Analysis: As stated in the case background, the special contract expires on July 4, 2013. TECO explained that the Customer is still engaged in due diligence and requires additional time to complete the site selection process. TECO believes that four months is an appropriate time to provide the Customer an opportunity to complete their site selection process. TECO also requests that staff be authorized to administratively approve a 60-day extension beyond November 4, 2013, in the event the Customer final decision is pushing up against the deadline, but appears close enough at hand to warrant the further extension.

The Commission approved the special contract on the basis that it will have only a minimal impact on the general body of ratepayers, will create jobs, and should provide economic benefits to TECO's service area and the state of Florida. Staff believes that the reasons to approve the special contract are still valid, and therefore TECO's request to have its service area remain a viable candidate for the location of the Customer is reasonable.

Staff, therefore, recommends that the Commission approve TECO's petition for a four-month extension of Commission approval of the special contract through and including November 4, 2013. Staff should be authorized to administratively approve a 60-day extension beyond November 4, 2013, if needed.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (M. Brown)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.