

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa
Electric Company for approval of
extension of Pilot Green Energy
Rate Rider and Program through
December 2006.

DOCKET NO. 030959-EI
ORDER NO. PSC-04-0009-TRF-EI
ISSUED: January 5, 2004

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER GRANTING PROVISIONAL APPROVAL TO
TAMPA ELECTRIC COMPANY TO EXTEND ITS PILOT
GREEN ENERGY RATE RIDER AND PROGRAM

BY THE COMMISSION:

On April 17, 2000, we issued Order No. PSC-00-0754-PAA-EG, in
Docket No. 991791-EG, In Re: approval of demand-side management
plan of Tampa Electric Company, approving Tampa Electric Company's
(TECO) demand-side management plan. Our order included approval of
TECO's Conservation Research and Development (R&D) Program, which
provided for \$750,000 of ratepayer funds over five years to be used
to finance TECO's conservation R&D efforts. According to TECO's
Conservation R&D Program's approved participation standards, TECO's
research efforts regarding renewable energy sources are eligible
for funding under the program.

On June 8, 2000, TECO filed a petition for a "customer
optional" three-year pilot green energy rate rider and program.
TECO's petition was in response to the stipulation entered into by
TECO and the Legal Environmental Assistance Foundation, Inc.
(LEAF), as part of Docket No. 971007-EG, TECO's demand-side
management goal-setting docket. On September 25, 2000, we issued

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Order No. PSC-00-1741-TRF-EI, in Docket No. 000697-EI, In Re: Petition by Tampa Electric Company for approval of a pilot Green Energy Rate Rider and Program, approving TECO's pilot green energy program and the associated tariff through December 31, 2003. TECO's program provided interested customers with the option of purchasing 50 kWh blocks of renewable energy for a fee of \$5 per block. The program was partially funded with a \$100,000 allocation from TECO's approved Conservation R&D Program. On June 4, 2001, we issued Order No. PSC-01-1238-TRF-EI, in Docket No. 010423-EI, In Re: Petition by Tampa Electric Company for approval of modification to Pilot Green Energy Rate Rider and Program, which eliminated the purchase limit of five blocks of renewable energy per participating customer.

On October 1, 2003, TECO filed a petition requesting approval to extend the pilot green energy program through December 31, 2006. TECO has also requested approval of a modified renewable energy block size and price. Further, TECO has requested a \$150,000 allocation from the Company's approved Conservation R&D Program to partially fund the green energy program over the proposed three-year extension.

We have the authority to consider these matters pursuant to Sections 366.82(2), 366.05, 366.06, and 366.075, Florida Statutes.

TECO's green energy rate rider, as approved by Order No. PSC-00-1741-TRF-EI, issued September 25, 2000, is a three-year pilot green pricing program which is currently approved through December 31, 2003. The program provides interested customers with the option of purchasing 50 kWh blocks of renewable energy. Customers taking service under this green energy rate rider pay \$5 per month in addition to their applicable tariff rates for each 50 kWh block of green energy purchased. Residential, commercial and industrial customers may participate. Participating customers are obligated to remain in the program for an initial 12 month period, and must notify TECO two months prior to exiting the program.

Energy for the program has been provided from three sources within TECO's service territory, including: 1) a company-owned 18 kW photovoltaic array located at Tampa's Museum of Science and Industry; 2) a 30 kW micro-turbine fueled with land-fill gas; and, 3) co-firing biomass fuels in some of TECO's existing coal-fired

generating facilities. Through August 2003, 213 customers are participating in the program, purchasing a total of 300 blocks of renewable energy per month. Each of these participating customers is in the residential class. This participation level has been less than originally expected by TECO. However, TECO believes that "there remains a customer segment willing to participate when given the opportunity to more fully understand the merits of the program."

TECO has requested approval of a three-year extension of the green power rate rider beginning January 2004 and ending December 2006. TECO believes that the additional three years will give the company time to evaluate whether TECO can achieve the level of participation required for the revenues received from program participants to cover all costs, including administrative costs. TECO has also requested an allocation of \$150,000 from its approved Conservation R&D Program to partially fund the proposed green power rate rider extension.

TECO has also requested a modification to the pricing structure of the program. TECO is proposing to increase the block size to 100 kWh from the current block size of 50 kWh, while holding the price constant at \$5 per block per month. This effectively reduces the incremental kWh charge for renewable energy from 10 cents per kWh to 5 cents per kWh. TECO intends to increase the block size for all participating customers, including existing participants. TECO believes that increasing the block size to 100 kWh will increase the participation level in the program, particularly for its commercial customers. According to TECO, "commercial customers in specific are very price conscious concerning the incremental cost of green energy."

TECO intends to continue obtaining renewable energy for program participants during the proposed extension from the following sources within its own system: 1) an 18 kW photovoltaic array; 2) a 30 kW micro-turbine fueled with land-fill gas; and, 3) co-firing biomass in existing coal-fired generating units. TECO also intends to explore the incremental costs and feasibility of gasifying biomass to fuel natural gas-fired generating units.

Upon consideration of TECO's petition, we find it appropriate to provisionally approve the tariff as filed, until we revisit TECO's filing after reviewing the additional information we are requiring from TECO, as discussed below. Within 60 days of the issuance of this Order, TECO shall file additional information regarding this program. The additional information shall include a business plan, which shall show the assumptions, budgets, marketing programs, and assumptions about penetration rates related to this program. In addition, the business plan shall show, over the proposed extended three-year life of the program, what TECO anticipates will be achieved and whether, after that three-year period, the program will be self-sustaining. If the program is not self-sustaining, TECO shall indicate what level of subsidy it anticipates would be necessary, and the benefits of continuing the program if it is not self-sustaining.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company's petition requesting approval to extend its pilot green energy program through December 31, 2006, shall be approved on a provisional basis, until this Commission revisits the filing at a later date. It is further

ORDERED that within 60 days of the issuance of this Order, Tampa Electric Company shall file with the Commission additional program information, as detailed in the body of this Order. It is further

ORDERED that the effective date of Tampa Electric Company's Green Energy Rider - Pilot Program, Second Revised Tariff Sheet No. 6.400, shall be January 1, 2004. It is further

ORDERED that if a protest is filed within 21 days of issuance of this Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

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ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 5th Day
of January, 2004.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

LAH

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review 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.

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The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This 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 January 26, 2004.

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 docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.