

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval	)	DOCKET NO. 891005-EQ
of standard offer contract between	)	
Florida Power Corporation and Timber	)	ORDER NO. 21858
Energy Resources, Inc.	)	
	)	ISSUED: 9 8-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

ORDER APPROVING STANDARD OFFER CONTRACT BETWEEN  
FLORIDA POWER CORPORATION AND  
TIMBER ENERGY RESOURCES, INC.

BY THE COMMISSION:

On July 28, 1989, Florida Power Corporation (FPC) and Timber Energy Resources, Inc. (Timber) filed a joint petition for approval of a standard offer contract between the two companies. The contract, which was signed on July 18, 1989, has a committed capacity of 6.0 MW for a term of ten years. Capacity payments to Timber would commence in 1995 based on FPC's approved COG-2 tariff.

In our Order No. 17480 we established for FPC a subscription limit of 500 MW in firm capacity from qualifying facilities to defer the 1995 statewide avoided unit. Prior to our vote in the instant docket the total of such firm capacity and energy purchases from qualifying facilities already contracted for by FPC and approved by this Commission amounted to 497.6 MW. Thus, this contract will exceed by 3.6 MW, the 500 MW subscription limit established in Order No. 17480. It would appear however that this small amount (3.6 MW) in excess of the subscription limit is reasonable given the various factors which could possibly reduce the actual capacity being purchased, such as seasonal adjustment to output capability and engineering adjustments to the actual capacity of the qualifying facilities.

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While the Timber/FPC contract is a standard offer contract, the interconnection agreement is not. This is due to the fact that the interconnection agreement contains a provision that Timber can terminate the power sales agreement if a yet to be determined transmission capacity cost "will render the construction of the facility uneconomic or not in the QF's best economic interest". At first glance, this provision seems to allow Timber to change its mind at any time depending on how profitable the facility is to the company but a closer look reveals that this provision is prudent for both parties based on FPC's identified transmission constraints in Northwest Florida which are set forth in Docket NO. 890779-EU.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the standard offer contract between Florida Power Corporation and Timber Energy Resources, Inc., filed July 28, 1989, is hereby approved, and that the entire 6.0 MW contracted for be applied to the 500.0 MW subscription limit established in Order No. 17480.

By ORDER of the Florida Public Service Commission,  
this 8th day of AUGUST, 1989.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

MAP

by: Kay Flynn  
Chief, Bureau of Records