

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company for approval of amendment to small power agreement with City of Tampa.)	DOCKET NO. 890736-EQ
)	ORDER NO. 21862
)	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 AMENDMENT TO SMALL POWER AGREEMENT
 BETWEEN TAMPA ELECTRIC AND CITY OF TAMPA

BY THE COMMISSION:

On June 2, 1989, Tampa Electric Company (TECO) filed a petition requesting approval of an amendment to its small power production agreement with the City of Tampa. The original power sales agreement between the City and TECO was approved in September, 1983.

The original agreement was reached prior to our adoption of rules that govern the purchase of cogenerated power. Therefore, the renegotiation of the City and TECO contract was given special consideration when we implemented the 1988 Solid Waste Management Act. The Act allowed utilities which purchased power from solid waste facilities to renegotiate their contracts to incorporate certain provisions unique to solid waste facilities in Florida.

The special circumstances surrounding the agreement between the City and TECO are further described in our Order No. 21053. That Order gave the City and TECO a one time option to renegotiate their contract with the price to be based on a 1992 vintage coal unit, using its current (1995) avoided unit cost parameters.

The instant amendment to the small power agreement complies with Order No. 21053 in that the parties have renegotiated their original power sales agreement to include

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such things as levelized capacity payments, removal of the risk factor, and early O&M payments. The cost parameters used to develop these payments are based on a 1995 coal unit. The vintage or year of in-service of the avoided unit used is 1992. This treatment balances the pre-rule signature date and our most recent findings regarding the avoided unit.

The term of the contract is 20 years with payments beginning on April 1, 1989. There is also a provision to extend the contract an additional 10 years if both parties agree. The levelization and early payments are based on the 20 year contract term and the optional 10 year additional payments are based on a standard value of deferral calculation. The amendment also provides a method for calculation of the City's liability for all early capacity payments received.

The amended power sales agreement between the City of Tampa and TECO conforms with our directives in Order No. 20153.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the amendment to the small power agreement between Tampa Electric Company and the City of Tampa, filed June 2, 1989, is hereby approved.

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

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MAP

by: Kay Sligo
Chief, Bureau of Records