

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval ) DOCKET NO. 920137-EQ  
of standard offer contract for ) ORDER NO. PSC-92-0536-FOF-EQ  
cogenerators and small power ) ISSUED: 06/22/92  
producers by Tampa Electric )  
Company. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK  
J. TERRY DEASON  
BETTY EASLEY  
LUIS J. LAUREDO

ORDER DENYING APPROVAL OF TAMPA ELECTRIC COMPANY'S  
PROPOSED STANDARD OFFER CONTRACT

BY THE COMMISSION:

Order No. 25263 issued on October 28, 1991 required Tampa Electric Company (TECO) to file a new Standard Offer Contract upon resolution of TECO's determination of need for a gasified combined cycle unit in Docket No. 910883-EI. Pursuant to Order No. 25263, TECO filed its new Standard Offer Contract on February 14, 1992.

TECO's proposed Standard Offer Contract is based on a 246 MW combined cycle unit with an in-service date of 2001. TECO has proposed a 75 MW subscription limit to reflect the final phase of the unit which has an initial in-service date of 1999.

At the March 24, 1992 Agenda Conference, we suspended TECO's request for approval of a standard offer contract until TECO's generation expansion plans could be fully evaluated.

In Docket No. 910004-EU, TECO proposed as its avoided unit a 1996 combustion turbine which was a component of a combined cycle facility with an in-service date of 1997. The Commission approved staff's recommendation that TECO's avoided unit should be based on the 1997 combined cycle because even if TECO fully subscribed its proposed avoided unit, TECO would still construct a combined cycle plant.

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TECO's current generation expansion plans call for a phased combined cycle plant with an ultimate in-service date of 2001. The first phase of the unit would be an 86 MW combustion turbine in 1999. Following the decision in Docket No. 910004-EU, TECO has proposed that its new Standard Offer Contract be based upon a combined cycle plant with an in-service date of 2001. While this may seem consistent with the decision in Docket 910004-EU, the circumstances in Docket No. 920137-EQ are different. As mentioned above, in Docket No. 910004-EU, TECO would have built a combined cycle unit even if its Standard Offer Contract were fully subscribed. That is not the case today. In fact, TECO's response to one of staff's interrogatories indicates that the decision to add the heat recovery steam generator (HRSG), which turns a CT into a CC, is driven by the addition of units beyond the in-service year of the HRSG. Also, if no units were added to TECO's system beyond 2001, TECO's own analysis indicates that the addition of a third CT instead of the HRSG would be less expensive by approximately \$3 million. This means that the addition of the HRSG is a strategic decision and not a clear cut economic decision at this time.

Another factor to consider is the in-service date of the avoided unit. The further into the future we project avoided costs, the more likely they are to be wrong or to change. It is for this reason one could argue that TECO should not even offer a Standard Offer Contract at this time. This was done once before with Gulf Power Company, but the circumstances were different. Pursuant to Order No. 17480, issued 4/30/87 in Docket No. 860004-EU-A, we required Gulf to submit a Standard Offer Contract based on its embedded book cost of steam production plant because of the uncertainty associated with the in-service date of Gulf's next base loaded unit. A base loaded unit was required as the avoided unit at that time because the Commission's rules on cogeneration required a 70% rolling capacity factor. This requirement no longer exists under current Commission rules.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that approval of Tampa Electric Company's proposed Standard Offer Contract is denied. It is further

ORDERED that Tampa Electric Company resubmit its Standard Offer Contract based upon a 1999 combustion turbine as its avoided unit to be considered by the Commission. It is further

ORDERED that this docket remain open pending consideration of the resubmitted standard offer contract.

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By ORDER of the Florida Public Service Commission, this 22nd  
day of JUNE, 1992.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

by: Kay Hyma  
Chief, Bureau of Records

DLC:bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

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 action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 13, 1992.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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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.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.