

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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MAR-4 AM 9:04
RECORDS AND REPORTING

DATE: MARCH 4, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC AND GAS (HAFF, GOAD) *MAH Rg*
DIVISION OF LEGAL SERVICES (PAUGH) *J9P JDJ RVE*

RE: DOCKET NO. 981893-EQ - PETITION TO ESTABLISH NEW STANDARD OFFER CONTRACT FOR QUALIFYING COGENERATION AND SMALL POWER PRODUCTION FACILITIES BY TAMPA ELECTRIC COMPANY.

AGENDA: 3/16/99 - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: MARCH 22, 1999

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\EAG\WP\981893B.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission suspend Tampa Electric Company's (TECO) proposed Standard Offer Contract?

RECOMMENDATION: Yes. The Standard Offer Contract and associated tariffs should be suspended to allow staff additional time to complete its analysis.

STAFF ANALYSIS: The Commission's cogeneration rules, Rules 25-17-.080 through .091, Florida Administrative Code, require investor-owned utilities to file a standard offer contract for the purchase of firm capacity and energy from small qualifying facilities. Pursuant to this requirement, on December 18, 1998 TECO filed its Petition to Establish a New Standard Offer Contract for Qualifying Cogeneration and Small Power Production Facilities. TECO based its proposed Standard Offer Contract on a combustion turbine (CT) unit with an in-service date of 2003 even though according to TECO's

DOCUMENT NUMBER-DATE

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August 1998 Ten Year Site Plan its next planned unit is a CT with an in-service date of 2001. TECO stated that the use of the 2001 CT would not allow sufficient time to process its petition and sign Standard Offer Contracts prior to commencing construction on the unit.

Staff disagreed with TECO's arguments and submitted a recommendation to the Commission on the policy issue of whether a utility should use its next planned generation unit as the basis for its Standard Offer Contract. On January 19, 1999, prior to the Commission's ruling on staff's recommendation, TECO amended its filing to reflect the 2001 CT.

Staff is in the process of reviewing TECO's amended filing and at this time staff needs additional time to complete its analysis. Staff is also awaiting responses from TECO regarding several issues raised. Until TECO's responses are received and staff's analysis is completed, staff recommends that the tariffs be suspended.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No.

STAFF ANALYSIS: This docket should remain open until the Commission either approves or denies the proposed tariffs.