

# AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

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ORIGINAL

July 30, 2001

HAND DELIVERED


Ms. Patricia S. Lee  
U S/C Engineering Supervisor  
Division of Economic Regulation  
Florida Public Service Commission  
Room 180M – Gerald L. Gunter Bldg.  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Petition of Tampa Electric Company for Approval of a Recovery Schedule for  
Three Generating Units Effective January 1, 2001; FPSC Docket No. 010668-EI

Dear Ms. Lee:

Enclosed are five copies of Tampa Electric Company's Answers to Staff's Data Request  
dated June 18, 2001.

Sincerely,



James D. Beasley

JDB/pp  
Enclosures

cc: Division of Commission Clerk and Administrative Services (w/enc.)  
Deborah Hart, Division of Legal Services (w/enc.)  
Office of Public Counsel (w/enc.)

APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
LEG \_\_\_\_\_  
OPC \_\_\_\_\_  
PAI \_\_\_\_\_  
RGO \_\_\_\_\_  
REC \_\_\_\_\_  
SER \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

09239 JUL 30 2001

FPSC-COMMISSION CLERK

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for Approval of a	)	DOCKET NO. 010668-EI
Recovery Schedule for Three	)	FILED: July 30, 2001
Generating Units, Effective January	)	
<u>1, 2001, by Tampa Electric Company.</u>	)	

**TAMPA ELECTRIC COMPANY'S  
ANSWERS TO DATA REQUEST (NOS. 1-6)  
OF  
FLORIDA PUBLIC SERVICE COMMISSION STAFF**

Tampa Electric files this its Answers to Data Request (Nos. 1-6) propounded and served on June 18, 2001, by the Florida Public Service Commission Staff.

**TAMPA ELECTRIC COMPANY**

**DOCKET NO. 010668-EI**

**INDEX TO STAFF'S DATA REQUEST (NOS. 1-6)**

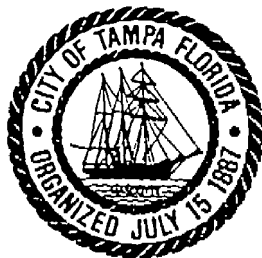
<u>Number</u>	<u>Subject</u>	<u>Date Stamped</u>
1	List of stations that will be placed in-service and any new construction that will take place for the period beginning January 1, 2001 through December 31, 2004.	1
2	Information regarding 2001 Ten Year Site Plan.	2
3	Explanation of what has occurred to change the status of this station from long-term reserve standby status to retirement by 12/31/02.	20
4	The Gannon Station combustion turbine unit will be dismantled in 2001 and the cost impact is expected to be immaterial.	21
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TAMPA ELECTRIC COMPANY  
DOCKET NO. 010668-EI  
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FILED: July 30, 2001

1. Please provide a list of stations that will be placed in-service and any new construction that will take place for the period beginning January 1, 2001 through December 31, 2004.
  - A. Per Tampa Electric's most recently filed Ten Year Site Plan (April 2001), the units that will be placed in service and any new construction that will take place for the period beginning January 1, 2001 through December 31, 2004 are Polk Unit 3 combustion turbine and Bayside Units 1 and 2.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 010668-EI  
DATA REQUEST NO. 2  
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FILED: July 30, 2001

2. According to the 2001 Ten Year Site Plan, the company stated in Chapter IV, "Forecast of Facilities Requirements", page IV-1, that two units COT Unit 1 and COT Unit 2, have planned in-service dates of April 1, 2001, and the units are fired by natural gas and were developed in partnership with the City of Tampa.
- a. A copy of the agreement with the City of Tampa.
  - b. Please explain the function of units COT1 and COT 2.
  - c. Provide the unit type of each.
  - d. Are these existing/repowered units or new units?
  - e. Provide the investment for each unit.
  - f. Whose the owner of the site?
  - g. What is the service area/customer base, and location of each unit?
  - h. Provide the actual in-service date of each unit.
- A.
- a. See attached.
  - b. Environmental regulations required the City of Tampa to add two 2 MW backup generators due to increased processing demand. Tampa Electric installed two 2.9 MW units at the City of Tampa's sludge heat drying facility. The units provide intermediate capacity and energy needs for Tampa Electric. They also provide emergency generation for the City of Tampa if there is an interruption in Tampa Electric's service.
  - c. Both units are internal combustion, natural gas fired reciprocating Waukesha Engines.
  - d. The units are new.
  - e. Each unit's investment was about \$3 million.
  - f. City of Tampa owns the site.
  - g. The units are both located at the City of Tampa's sludge heat drying facility located at the Howard F. Curren AWT (Advanced Wastewater Treatment) Plant at 2700 Maritime Blvd., Tampa, FL 33605. The location is within Tampa Electric's service area.
  - h. On May 18, 2001 both units went into commercial service.



# CITY OF TAMPA

Department of Sanitary Sewers

January 28, 2000

Tampa Electric Company  
P.O. Box 111  
Tampa, FL 33601-0111

CERTIFIED NO. Z 085 283 772

ATTENTION: Joseph T. Cutrono, Account Manager

RE: Executed Agreement between the City of Tampa and TECO Regarding the Construction, Operation, and Maintenance of Two Natural-Gas-Fired Engine/Generators at the Howard F. Curren Advanced Wastewater Treatment Plant

Gentlemen:

Enclosed for your files is an executed copy of the Agreement for the above-referenced project. Also enclosed is a copy of Resolution No. 2000-0043 authorizing the Agreement. The Agreement is dated January 13, 2000, which is the date the resolution passed City Council.

We look forward to working with you and wish you well in this endeavor.

Please call me at 813/274-8039 if you have any questions regarding this project.

Sincerely,

DEPARTMENT OF SANITARY SEWERS

A handwritten signature in black ink, appearing to read "Eric Weiss", is written over the typed name below.

Eric A. Weiss, P.E., Project Manager

Enclosures: As noted

EAWe(teco/tr)

xc: D. Pickard, J. Kulik, TECO File, Reading File

AGREEMENT

**THIS AGREEMENT** is entered into as of this 13<sup>th</sup> day of January, 2000 by and between the CITY OF TAMPA, a municipal corporation of the State of Florida ("City" or "Buyer") located at 315 Kennedy Boulevard, Tampa, Florida 33602 and Tampa Electric Company, a corporation organized under the laws of the State of Florida ("Tampa Electric" or "Seller") located at 702 N. Franklin Street, Tampa, Florida 33602.

**WITNESSETH:**

**WHEREAS**, the City owns and operates the Howard F. Curren Wastewater Treatment Plant located in the City of Tampa ("City Facility"); and

**WHEREAS**, Tampa Electric owns and operates an investor owned Electric Utility serving electric power within its franchise which territory includes the City Facility identified herein; and

**WHEREAS**, the wastewater treatment process at the City Facility creates a biosolid which the City must dry and form into pellets for distribution and marketing ("Drying Operation"); and

**WHEREAS**, Tampa Electric desires to construct and own two 2.9 megawatt engine/generators (Waukesha model 16V-AT27GL) at a site provided by the City adjacent to the building housing the Drying Operation ("Project"), thereby enabling Tampa Electric to provide additional electric power to its electrical system and heat energy to the adjacent Drying Operation; and

**WHEREAS**, the City will benefit from lowering its use of natural gas for the heat production required for its Drying Operation by substituting the exhaust heat provided from the operation of Tampa Electric's engines; and

**WHEREAS**, the City will also benefit from avoiding the cost of two 2.0 megawatt diesel-fired emergency standby units which it would otherwise have been required to build as standby emergency power to meet Environmental Protection Agency requirements; and

**WHEREAS**, in order to realize such benefits, Tampa Electric and the City are willing to enter into an Agreement in the form attached hereto for the construction, operation, and maintenance of the two aforementioned 2.9 megawatt engine/generators housed in a building adjacent to the Drying Operation including all necessary electric switch-gear, heat drying, auxiliary equipment, and appurtenances thereto connecting the Project to the City Facility; and

**NOW, THEREFORE**, in consideration of the recitals set forth above and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## 1. Recitals

The foregoing recitals set forth above are true and correct and are incorporated into the body of this Agreement by this reference.

## 2. Obligations of Seller

- 2.1 Subject to the conditions precedent listed in Section 11 below, Tampa Electric shall deliver and sell to the City heat byproduct from the Project on an as available basis each week, from Monday at 8:00 a.m. through Friday until 8:00 p.m., Eastern Prevailing Time, which shall be defined as the time in effect in the Eastern Time Zone of the United States of America, whether Eastern Standard Time or Eastern Daylight Savings Time. ("Normal Operating Hours").
- 2.2 Tampa Electric shall be responsible for the design, construction, installation, pre-operational testing, choice, and acquisition of equipment and materials for the Project, at its sole expense, including but not limited to the generators, metering or heat output measurement devices, the natural gas delivery system, the engine exhaust duct system, the connection with the City's heat input ductwork, and the electrical system interconnection between the City and Tampa Electric necessary to allow the City to deliver the output of the Project to the point of interconnection between Tampa Electric's distribution system and the City's electric distribution facilities. The City shall have the right to review and approve the plans and specifications for the Project prior to the commencement of construction. Within thirty (30) days after the date of submission of such plans and specifications by Tampa Electric, the City shall notify Tampa Electric in writing of any concerns or proposed changes to the plans and specifications for the Project. If the City requests changes to the plans and specifications (including changes in the equipment or materials to be used in the Project), Tampa Electric shall determine whether the City's proposed changes to the plans and specifications are acceptable to Tampa Electric, in Tampa Electric's sole judgement. If the City's proposed changes to the Project plans and specifications are unacceptable to Tampa Electric, then Tampa Electric shall so notify the City in writing. If the City does not accept the Project plans and specifications, as submitted by Tampa Electric, within ten (10) days after the receipt of the notice from Tampa Electric refusing to make any further changes to the Project plans and specifications, then this Agreement shall automatically terminate, as of the eleventh day following City's receipt of such notice and the parties shall thereupon be relieved of any and all further responsibility or obligation under this Agreement.
- 2.3 Tampa Electric shall be responsible for obtaining all necessary permits, approvals, licenses, agreements, or easements and paying associated fees from any governmental, regulatory, or private entity necessary for the installation, construction, and operation of the Project. Tampa Electric will assist with revisions to the City's Title V Air Permit with the Hillsborough County Environmental Protection Commission and the Environmental Protection Agency.



- 2.4 Tampa Electric shall be responsible for the startup and testing of all Project equipment prior to commercial operation, at its sole expense.
- 2.5 Tampa Electric shall be responsible for automatic remote dispatch of the engine/generators during all hours including the City's Normal Operating Hours.

### 3. Obligations of Buyer

- 3.1. The City shall purchase all heat used in the Drying Operation from the Project. The City may decrease the flow rate of heat byproduct into the Drying Operation by venting heat byproduct to the atmosphere or otherwise only at those times and only to the extent that the Drying Operation cannot physically accept heat byproduct at the actual flow rate created by the Project. In addition, the City shall make every effort to operate the Drying Operation during Normal Operating Hours. The City will guarantee that the Drying Operation shall process biosolids and manufacture pellets for a minimum of 8,000 hours each year during the term of this Agreement. The City will not pay for heat byproduct produced by the project and not used in the Drying Operation, consistent with the minimum hours of operation and constraint on reducing the flow rate of heat byproduct set forth in this Section 3.1. The City will notify Tampa Electric if the Drying Operation is scheduled to operate during periods other than the Normal Operating Hours and will purchase heat byproduct if available during those periods pursuant to Section 7.1 of this Agreement.
- 3.2. The City shall permit Tampa Electric to connect the Project electrically to the City's electric distribution lines. The City further agrees to transmit the output of the Project to Tampa Electric's system through the point of interconnection between the Tampa Electric and City electric distribution systems, at no cost to Tampa Electric.
- 3.3. The City, in consideration of One Dollar and other valuable considerations paid by Tampa Electric, hereby gives and grants unto Tampa Electric, its successors and assigns, an exclusive license over and the right to enter upon the lands of the City described at Exhibit "[A]" attached hereto and by reference made a part hereof, together with the right of ingress and egress to and from the same, and all rights therein and all privileges thereon which are or may be necessary or convenient for the full use and enjoyment of such land, which is for the purposes of placing, constructing, operating, maintaining, replacing on and removing from said land Project equipment, including the right of vehicular access and the right to place or cause to be placed such gas, water, electric and other utilities as Tampa Electric may require from time to time for operation or support of the Project during the period of while the Project is located and operational at the City Facility. The aforesaid rights and privileges granted shall include the right and privilege to trim and remove any and all trees or shrubs upon said land, and Tampa Electric shall also have the right and privilege to trim or remove any and all trees or shrubs upon the City's lands adjacent to said land, wherever Tampa Electric may deem it necessary or desirable to do so, for the protection of the Project facilities. The City shall not use or permit the use of said land by

anyone else in any manner or for any purpose during the use of the same by Tampa Electric for the purposes enumerated above.

- 3.4. The City shall support and assist Tampa Electric in obtaining all other necessary permits, approvals, licenses, agreements or easements from any governmental, regulatory, or private entity necessary for the installation and construction of the Project.
- 3.5. The City shall maintain an alternate source of heat for its Drying Operation for those times during Normal Operating Hours that Tampa Electric does not deliver heat byproduct from the Project.
- 3.6. The City shall purchase electricity from Tampa Electric under Rate Schedule SBF or SBFT. Should Rate Schedules SBF and SBFT be discontinued, then, to the extent permitted by law, the City and the Tampa Electric shall negotiate a price for the power purchased by the City from Tampa Electric.
- 3.7. The City shall provide compressed air and water utility service to the project at no cost to Tampa Electric. The City shall provide 125-psi compressed air at a rate of up to 100 cubic feet per minute for engine starting and general shop air for maintenance. The City will also provide an existing 1570-gallon ASME rated 250-psi compressed air receiver for use by the Project. The receiver will be relocated to the building housing the Project by Tampa Electric. The City shall provide all domestic water and sanitary sewer services to the project at no cost to Tampa Electric.

#### 4. Heat Byproduct Pricing

- 4.1. Each month during the term of this Agreement, the City shall pay Tampa Electric for each therm of heat byproduct purchased from the Project during the immediately preceding month. The price for such purchased heat byproduct shall be set at the level equivalent to the City's firm delivered natural gas price applicable to the prior month under the City's gas purchase agreement with Peoples Gas System and TECO Gas Services, minus 10%. Should the City's existing gas purchase agreement be terminated Tampa Electric and the City shall negotiate a replacement price for heat byproduct from the Project.
- 4.2. The number of therms delivered shall be calculated using the following equation:

$$\text{Heat Byproduct (Therms/Hour)} = 0.24565 \times \text{Mass Flow Rate} \times (T_E - T_{OA}) / 100,000$$

The Initial Mass Flow Rate to be used in the equation shall be measured at the dryer and fixed during the pre-commercial operation testing of the Project. Thereafter, the Mass Flow Rate will be reviewed annually and adjusted prospectively, as appropriate based on flow rate measurements performed on an annual basis. The exhaust temperature at the dryer inlet ( $T_E$ ) and air temperature at the dryer outside air intake ( $T_{OA}$ ) will be recorded hourly in degrees Fahrenheit.

- 4.3. Should the City's Drying Operation function for less than the 8000 hours per year specified in Section 3.1, then City shall pay Tampa Electric for the difference in the number of therms that were actually taken by the City during the calendar year and the number of therms that would have been taken had the Drying Operation functioned for the full 8000 hours. The price for such therms shall reflect a discount equivalent to 10% of the City's firm delivered natural gas price applicable to the prior year under the City's gas purchase agreement. The price per therm shall be calculated by summing each month's average price and dividing by 12.
- 4.4. The potential byproduct heat shall be calculated using the following equation:

$$\text{Potential Byproduct Heat (Therms/Year)} = \text{AHBH} * (8,000 - \text{ADOH})$$

The Average Hourly Byproduct Heat (AHBH) is the yearly average byproduct heat (Therms / Hour) as calculated in Section 4.2, delivered to the dryer from the project. The Average Hourly Byproduct Heat does not include heat provided by other sources to the dryer. The Annual Dryer Operating Hours (ADOH) shall include all annual operating hours each dryer system is able to accept byproduct heat from the Project. This shall include but not be limited to preheat, sludge drying, and post heat operations.

#### 5. Heat Byproduct Billing and Payment

- 5.1. Tampa Electric shall render to the City for each calendar month during the term of this Agreement, a statement setting forth the total quantity of heat byproduct transferred from the Project to the Drying Operation during the immediately preceding month.
- 5.2. After each year of operation Tampa Electric shall provide a statement to the City for the quantity of potential heat byproduct that was not used during the prior year if the total hours of operation during the prior year was less than 8,000 hours as stated in Section 3.1.
- 5.3. On or before thirty (30) days after receipt of Tampa Electric's statement or if such day is not a Business Day, the immediately following Business Day ("Due Date"), the City shall pay to Tampa Electric the amount set forth on such statement.
- 5.4. If any amount disputed by the City is determined to be due to Tampa Electric, then such amount shall be paid within thirty days of such determination.
- 5.5. If the City, in good faith, disputes a statement, the City shall provide a written explanation of the basis for the dispute and pay the portion of such statement conceded to be correct no later than the Due Date. The City and Tampa Electric shall work with one another in good faith to resolve any such disputes in an equitable manner.
- 5.6. To the extent the City fails to purchase byproduct heat as required pursuant to this Agreement, Tampa Electric shall be entitled, at its sole option, to recover liquidated damages in the form of a lump sum payment equal to the net present value of the revenue

stream that Tampa Electric would have collected from the City for the sale of heat byproduct for the balance of the contract term. The liquidated damages are outlined in Table 1. Despite a demand for payment of liquidated damages pursuant to this Section, Tampa Electric would continue to maintain and operate the project as part of its system resources and the City would still be authorized to operate the Project for emergency needs as set forth in Section 7 of this Agreement.

Table 1.

Contract Buy-Out Date	Heat Termination Charge
06/01/01	1,949,717
06/01/02	1,919,757
06/01/03	1,880,022
06/01/04	1,825,524
06/01/05	1,760,515
06/01/06	1,682,124
06/01/07	1,588,282
06/01/08	1,476,777
06/01/09	1,345,406
06/01/10	1,192,113
06/01/11	1,014,246
06/01/12	809,160
06/01/13	573,937
06/01/14	305,384

## 6. Incentives, Awards and Subsidies

- 6.1. Tampa Electric intends to apply for grants, incentive payments or awards from State, Federal and other sources to help underwrite the cost of the Project. Tampa Electric hereby agrees to share any resulting total grant proceeds in excess of \$300,000 with the City, to the extent that the City assists Tampa Electric in securing such grants.

## 7. Operation of The Project

- 7.1. The Project shall be operated as an integrated part of Tampa Electric's generation system resources beginning with the Project In-Service Date, June 1, 2000. The Project shall be dispatched by Tampa Electric on an economic basis. Under no circumstances shall Tampa Electric have an obligation to run the Project for the sole purpose of delivering heat

byproduct to the Drying Operation, especially if such delivery would be uneconomic or inconsistent with good utility practice in its sole judgement.

- 7.2. The City shall have authority to operate the Project during those periods when delivery of electricity to the City Facility over Tampa Electric's distribution system is interrupted or curtailed, or during emergency conditions (such as damage to the City's switchgear, etc.).
- 7.3. The energy and capacity produced by the Project will be metered net of the engine/generator auxiliary loads, combined with existing service meters, and netted of any export power from the City Facility. During those hours when the Project is generating power, any net export of power from the City into Tampa Electric's system shall be deemed to be power from the project, to the extent of actual Project generation. To the extent that the net export of power from the City into the Tampa Electric system is less than the actual output of the Project, the difference between the actual Project output and the net amount of exported power shall be deemed to be power sold to the City under Tampa Electric's Rate Schedule SBF or SBFT. To the extent that the net export of power from the City into Tampa Electric's system exceeds the actual Project generation, then Tampa Electric shall purchase the net export power in excess of the actual Project generation pursuant to Rate Schedule COG-1.

#### 8. Maintenance

- 8.1. Tampa Electric shall be responsible for the maintenance of the Project at its sole expense. The City shall be responsible for the maintenance of City-owned facilities at its sole expense. Exhibit B defines the facilities and equipment that each party will be responsible for maintaining.
- 8.2. Tampa Electric and the City may, from time to time, mutually agree to have the City perform maintenance work on the Project. Tampa Electric shall reimburse the City for such agreed upon maintenance work if the City obtains Tampa Electric's prior written approval of such maintenance activities and the cost thereof before performing any of the maintenance activities.
- 8.3. The City and Tampa Electric agree to coordinate maintenance activities on the City Facility and the Project. The City shall notify Tampa Electric in advance of any planned maintenance activities.

#### 9. Term and Termination

- 9.1. This Agreement shall become effective as of the date that it is fully executed by both parties.

- 9.2. This Agreement shall be in full force and effect for a term of fifteen (15) years from the in-service date of the Project, June 1, 2000.
- 9.3. At the end of the initial fifteen (15) years of the contract the City may elect to enter into an additional fifteen (15) year extension of this Agreement with the provision for the following:
- 9.3.1. Tampa Electric will make a commitment to operate and maintain the Project for an additional fifteen- (15) years.
- 9.3.2. Tampa Electric will continue to allow the Project to be used to provide standby and supplemental power for the City Facility for an additional fifteen- (15) year period.
- 9.3.3. Recognizing that the capital cost of the Project will have been recovered at the end of the initial fifteen years of operation, Tampa Electric will then supply waste heat from the Project to the City at no cost and will attempt to negotiate a reduced rate for electric power sold by Tampa Electric for use at the City Facility.
- 9.4. This Agreement may be terminated pursuant to Sections 2.2 and 11.2 hereof or under the following circumstances.
- 9.4.1. Either party may terminate this Agreement on thirty (30) days prior notice to the other party in response to a failure by the other party to discharge its obligations under this Agreement, if such failure has not been cured within the aforementioned thirty (30) day notice period.
- 9.4.2. After start of Project commercial operation, either party may terminate this Agreement on three (3) years prior written notice to the other Party on the basis of :
- 9.4.2.1. Demonstrated technical unfeasibility of the proposed combined engine/drying process and design; or
- 9.4.2.2. Economic loss or lack of anticipated savings associated with the provision of supplying heat byproduct to the Drying Operation, pursuant to this Agreement; or
- 9.4.2.3. Disallowance of recovery of the cost of the Project to Tampa Electric Company by the Florida Public Service Commission.

## 10. Insurance

- 10.1. During the term of this Agreement, Tampa Electric shall provide, pay for, and maintain commercial general liability insurance and/or self insurance with minimum bodily injury and property damage limits of \$1,000,000 combined single limit each occurrence and annual aggregate. Such policy shall cover liability arising from premises and operations, products and completed operations, independent contractors, personal and advertising injury, and contractual liability assumed under this Agreement.
- 10.2. In addition, Tampa Electric shall ensure that all of its contractors carry adequate limits of insurance. The following minimum types and limits of insurance must be maintained by

Tampa Electric's contractors, subcontractors, and material-men during installation, construction, maintenance and removal of the engine/generator system:

- 10.2.1. Commercial General Liability Insurance with a minimum limit of \$1,000,000 each occurrence and annual aggregate. The policy shall include the City as an additional insured and shall be written according to the same specifications as are applicable to Tampa Electric.
  - 10.2.2. Automobile Liability Insurance with a minimum limit of \$500,000 each accident. The policy shall be maintained in accordance with the laws of the State of Florida as to the ownership, maintenance, and use of all owned, non-owned, leased, and hired vehicles used in connection with installation, construction, maintenance and removal of the engine/ generator System.
  - 10.2.3. Workers' Compensation Insurance covering all employees engaged in work for Tampa Electric in accordance with the laws of the State of Florida.
  - 10.2.4. Employers Liability Insurance with minimum limits of \$100,000 disease each employee, \$500,000 disease aggregate, and \$100,000 each accident.
- 10.3. All insurance and/or self-insurance shall be from responsible companies duly authorized to do business in the State of Florida. Liability policies required herein except Workers Compensation and Employer's Liability shall provide that the City is an additional insured as to the operations, contemplated under this Agreement, of Tampa Electric, its contractors, subcontractors, consultants, agents and employees, and shall also provide the severability of interest provision.
- 10.3.1. The insurance coverage and limits required shall be evidenced by properly executed certificates of insurance on forms.
  - 10.3.2. The authorized representative of the insurance company and/or self-insuring entity shown in the certificate shall personally and manually sign each certificate.
  - 10.3.3. Thirty (30) days written notice shall be given to the City of any intent not to renew or reduction in policy coverage, except in the application of the aggregate liability limits provision. Should any aggregate limit of liability coverage be reduced, it shall be immediately increased back to the limit required by this Agreement.
  - 10.3.4. The insurance coverage required herein is to be primary to any insurance carried by the City or any self-insurance program thereof.

## 11. Contingencies

- 11.1. Tampa Electric's obligation to deliver heat byproduct to the Drying Operation and the City's obligation to receive and pay for such heat byproduct pursuant to this Agreement shall be contingent on the prior occurrence of the following:
  - 11.1.1. Approval and execution of this Agreement by the City and Tampa Electric through their duly authorized representatives by January 20, 2000; and
  - 11.1.2. Acquisition by Tampa Electric of the engine/generators on commercially reasonable terms; and

- 11.1.3. Receipt by Tampa Electric of all permits, easements and approvals, environmental or otherwise, required to construct operate and maintain the Project as proposed, in a form satisfactory to Tampa Electric; and
  - 11.1.4. Successful completion of Project construction and testing.
- 11.2. If Tampa Electric is unable to satisfy the foregoing contingencies on or before December 31, 2000 then, either party may terminate this Agreement on five (5) days written notice to the other Party, with neither Party having any further obligation or liability to the other.

## **12. Indemnification**

- 12.1. The City hereby agrees to indemnify, defend, save and hold harmless Tampa Electric, its directors, officers, employees, agents and affiliates from all claims, demands, liabilities, costs, including reasonable attorney fees, and suits of any nature whatsoever arising out of, because of or due to: (i) the breach of this Agreement by the City, its contractors, subcontractors, consultants, agents or employees or (ii) due to any negligent act, error or omission of the City, its contractors, subcontractors, consultants, agents or employees in connection with the installation, construction, operation or maintenance of the Project and/or removal of the Project, except to the extent that such claims, demands, liabilities, costs and suits have been caused by the negligent or willful act or omission of Tampa Electric or its contractors, agents or employees.
- 12.2. The Tampa Electric hereby agrees to indemnify, defend, save and hold harmless the City, its employees and agents from all claims, demands, liabilities, costs, including reasonable attorney fees, and suits of any nature whatsoever arising out of, because of or due to: (i) the breach of this Agreement by the Tampa Electric, its contractors, subcontractors, consultants, agents or employees or (ii) due to any negligent act, error or omission of Tampa Electric, its contractors, subcontractors, consultants, agents or employees in connection with the installation, construction, operation or maintenance of the Project and/or removal of the Project, except to the extent that such claims, demands, liabilities, costs and suits have been caused by the negligent or willful act or omission of the City or its contractors, agents or employees. In any event, Tampa Electric's obligation to indemnify the City or its contractors, agents or employees shall be limited to the policy limits of the liability insurance policies provided pursuant to this Section 9.

## **13. Enforcement and Remedies**

- 13.1. The parties hereto shall be entitled to enforce the terms of this Agreement by an action at law or in equity. The prevailing party in any such action shall be entitled to recover reasonable attorneys' fees and costs (including any attorneys' fees and costs incurred in preparation of trial, at trial or appeal or in administrative or bankruptcy proceedings) from the losing party.
- 13.2. Aside from remedies explicitly provided for in this Agreement, neither party shall have any liability to the other party or anyone claiming through the other party for indirect,



special or consequential damages. The Parties hereby release one another from liability for indirect, special or consequential damages growing out of or associated with the performance of this Agreement.

- 13.3. In the event that either party, for any reason terminates this Agreement, the City may offer to purchase the Project at a mutually agreed upon price. However, Tampa Electric shall be under no obligation to sell the Project to the City and may, at its option, continue to own and operate the Project at its original site.

#### 14. Notice

- 14.1. Any notice, demand or correspondence to be given or that may be given hereunder shall be in writing and shall be (a) delivered by hand, or (b) delivered through the United States mail, postage pre-paid, certified, return receipt requested, or (c) delivered through or by Federal Express, Express Mail or other expedited mail or package service, or (d) transmitted by or delivered through telecopy or telex addressed to the parties as follows;

If to City:                      City of Tampa  
   Department of Sanitary Sewers  
   306 E. Jackson Street, 6E  
   Tampa, FL 33602  
   Attn: Brad L. Baird  
   Telecopy: (813) 274-8448

If to Tampa Electric: Tampa Electric Company  
   P.O. Box 111  
   Tampa, Florida 33601-0111  
   Attn: Mr. Joe Cutrono  
   Telecopy: (813) 228-1640

- 14.2. Any notice or demand to be given or that may be given hereunder shall be deemed complete (a) on depositing any such notice or demand in the United States mail with postage affixed thereto, certified, return receipt requested or (b) on depositing any such notice or demand with Federal Express, Express Mail or other expedited mail or package delivery service, or (c) upon hand delivery to the appropriate address as herein provided. Any party hereto may change its address by notice in writing to the other party in the manner herein provided. Facsimile transmission may be used for information purposes, but shall not satisfy the requirement for giving formal notice to a party.

#### 15. Assignment

- 15.1. Neither party may assign this Agreement, in whole or in part, without the prior written approval of the other party.

#### 16. Jurisdiction and Venue

16.1. All headings contained herein are for informational purposes only and shall not be construed as defining or limiting the terms of this Agreement. This Agreement shall be governed in accordance with the laws of the State of Florida. Venue for any legal proceeding initiated to enforce the terms of this Agreement shall be Hillsborough County, Florida. The terms of this Agreement shall be binding on Tampa Electric, the City and their respective successors and assigns.

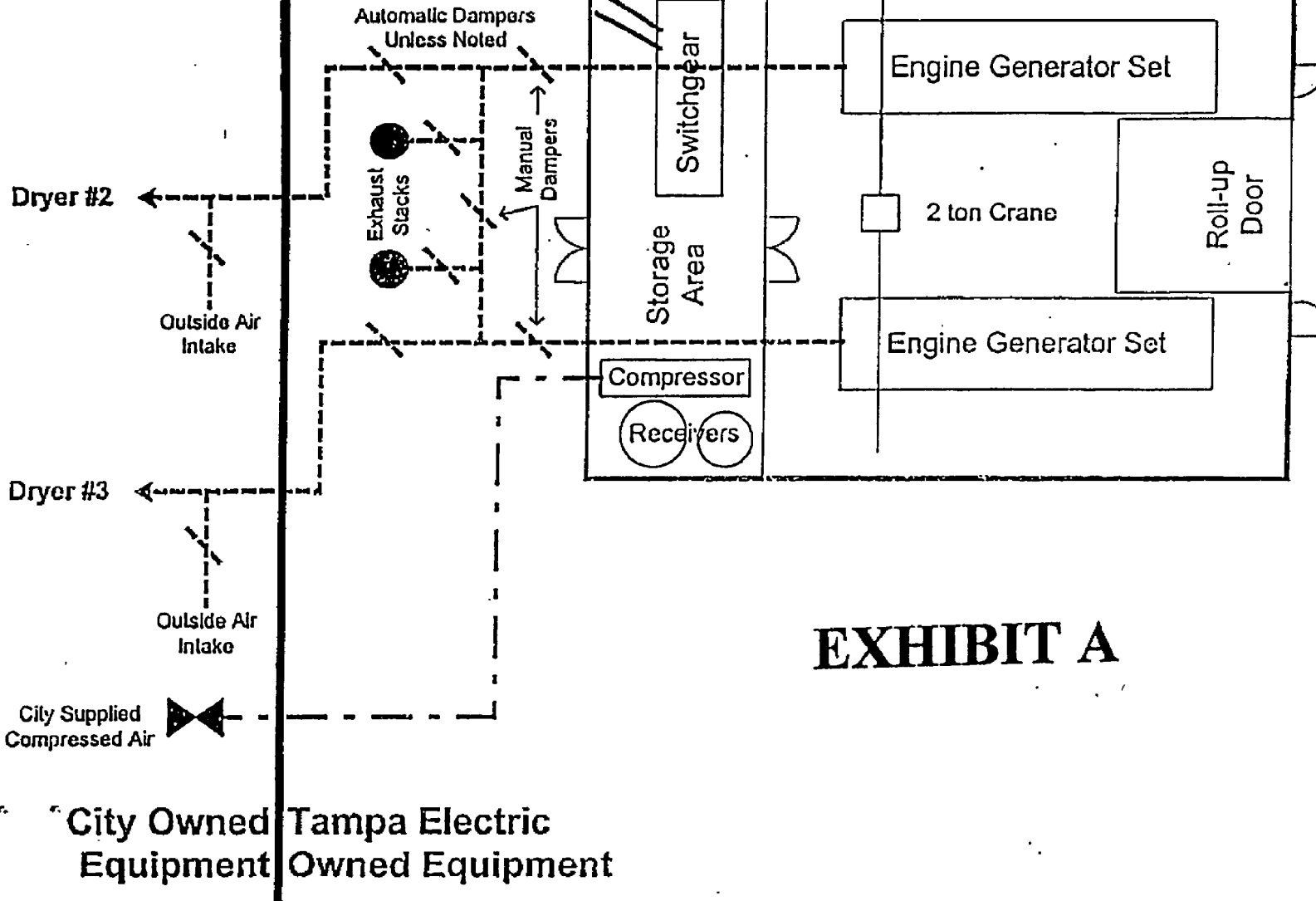
### **17. Force Majeure**

17.1. In case either Party hereto should be delayed in or prevented from performing or carrying out any of the agreements, covenants, and obligations (other than the obligation to pay money) made by and imposed upon said Party by or under this Agreement by reason of any cause, whether or not foreseeable, beyond such Party's reasonable control, including, without limitation, any strike, stoppage in labor, failure of contractors or suppliers of materials to perform, riot, fire, flood, ice, hurricane, tornado, uncommonly severe weather conditions for the affected geographical area, invasion, civil war, commotion, insurrection, military or usurped governmental power, order of any court granted in any bona fide adverse legal proceedings or action, order of any civil, regulatory or military authority either de facto or de jure, explosion, act of God or the public enemies, failure or malfunction of system facilities, unscheduled outage of generating units, or unavailability or termination of transmission services ("Event of Force Majeure"); then and in such case or cases, each Party's obligation to perform under the Agreement, to the extent prevented by the Force Majeure Event, shall be suspended under this Contract and the Party declaring the Force Majeure Event shall not be liable to the other Party for or on account of any loss, damage, injury, or expense (including consequential damages and cost of replacement power) to the extent resulting from or arising out of such delay or prevention; provided, however, that the Party suffering such delay or prevention shall notify the other Party hereunder of the Event of Force Majeure and shall use due and practicable diligence to prevent, avoid, mitigate, and remove the cause or causes thereof; and provided, further, that neither Party hereto shall be required by the foregoing provisions to settle a strike except when, according to its own best judgment, such a settlement seems advisable.

### **18. Entire Contract**

18.1. This Contract contains the entire understanding of the Parties hereto with respect to the subject matter contained herein. There are no restrictions, promises, warranties, covenants or undertakings other than those expressly set forth in this Contract. The section and paragraph headings contained in this Contract are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this Contract.

Tampa Electric  
Owned Electrical  
Feed to Customer  
Owned Switchgear



# EXHIBIT A

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be executed in triplicate in its name by its Mayor, and attested and its official Seal to be affixed thereto by its City Clerk, and Tampa Electric has hereunto set its hand, the day and year written above.

ATTEST:

Janett S. Martin  
Janett S. Martin, City Clerk

CITY OF TAMPA

By: Dick A. Greco (Seal)  
Dick A. Greco, Mayor

ATTEST:

\_\_\_\_\_

TAMPA ELECTRIC COMPANY  
HUGH W. SMITH

By: Hugh W. Smith (Seal) Corporate Seal  
Vice President of Energy & Marketing

APPROVED AS TO FORM:

Judy L. Kellick  
Assistant City Attorney

The execution of this document was authorized by Resolution No. 7600-43

[Signature] (signature)  
 City Attorney  
 Assistant City Attorney

RESOLUTION NO. 2000-0043

A RESOLUTION APPROVING AN AGREEMENT BETWEEN THE CITY OF TAMPA AND TAMPA ELECTRIC COMPANY REGARDING THE CONSTRUCTION, OPERATION, AND MAINTENANCE OF TWO NATURAL-GAS-FIRED ENGINE/GENERATORS AT THE HOWARD F. CURREN ADVANCED WASTEWATER TREATMENT PLANT; AUTHORIZING THE EXECUTION THEREOF BY THE MAYOR OF THE CITY OF TAMPA; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Tampa ("City") owns and operates the Howard F. Curren Wastewater Treatment Plant located in the City of Tampa ("City Facility"); and

WHEREAS, Tampa Electric Company ("Tampa Electric") owns and operates an investor owned Electric Utility serving electric power within its franchise which territory includes the "City Facility" identified herein; and

WHEREAS, the wastewater treatment process at the City Facility creates a biosolid which the City must dry and form into pellets for distribution and marketing ("Drying Operation"); and

WHEREAS, Tampa Electric desires to construct and own two 2.9 megawatt engine/generators (Waukesha model 16V-AT27GL) at a site provided by the City adjacent to the building housing the Drying Operation ("Project"), thereby enabling Tampa Electric to provide additional electric power to its electrical system and heat energy to the adjacent Drying Operation; and

WHEREAS, the City will benefit from lowering its use of natural gas for the heat production required for its Drying Operation by substituting the exhaust heat provided from the operation of Tampa Electric's engines; and

WHEREAS, the City will also benefit from avoiding the cost of two 2.0 megawatt diesel-fired emergency standby units which it would otherwise have been required to build as standby emergency power to meet Environmental Protection Agency requirements; and

WHEREAS, in order to realize such benefits, Tampa Electric and the City are willing to enter into an Agreement in the form attached hereto for the construction, operation, and maintenance of the two aforementioned 2.9 megawatt engine/generators housed in a building adjacent to the Drying Operation including all necessary electric switch-gear, heat drying, auxiliary equipment, and appurtenances thereto connecting the Project to the City Facility; and

WHEREAS, it is therefore necessary and in the best interests of the City to approve said Agreement.

NOW, THEREFORE,

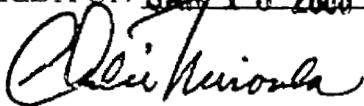
BE IT RESOLVED BY THE CITY COUNCIL  
OF THE CITY OF TAMPA, FLORIDA:

Section 1. That the Agreement between the City and Tampa Electric, a copy of which is attached hereto and by reference made a part hereof, is hereby approved in its entirety.

Section 2. That the Mayor of the City is hereby authorized and empowered to execute, and the City Clerk to attest and affix the official Seal to, said Agreement on behalf of the City.

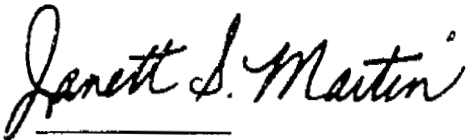
Section 3. That all proper officers of the City are authorized and empowered to do all things necessary to carry out the terms and conditions of this Resolution which shall take effect immediately upon its adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TAMPA,  
FLORIDA ON JAN 13 2008.



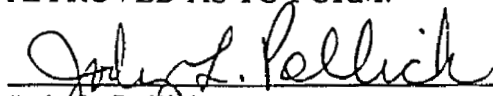
CHAIRMAN, CITY COUNCIL

ATTEST:



CITY CLERK

APPROVED AS TO FORM:



Jody L. Pollick  
ASSISTANT CITY ATTORNEY

3. According to Tampa Electric's 2001 Ten Year Site plan, the Dinner Lake Station is currently on long-term reserve standby status, but per the petition, it will be retired on 12/31/02. Please explain what has occurred to change the status of this station from long-term reserve standby status to retirement by 12/31/02.
- A. Dinner Lake Station, an 11-megawatt gas-fired unit, was placed on long-term reserve standby status on March 1, 1994. In order to be brought to useful operations, the plant would require extensive repairs to major pieces of equipment, such as the generator and boilers. In addition, the facility's Title V Air Operating Permit and Industrial Wastewater Facility Permit both expire in 2004. Preparations to facilitate renewal of these permits would require additional manpower and study expenses in 2003. Given the constraints, Tampa Electric has decided to retire the station on Dec. 31, 2002.

4. According to Tampa Electric's petition, the Gannon Station combustion turbine unit will be dismantled in 2001 and the cost impact is expected to be immaterial.
  - a. What is the current dismantlement status of the combustion turbine?
  - b. Explain the basis for the company's assertion that the dismantlement impact will be immaterial.
  - c. Explain why there are plans to dismantle the Gannon Combustion turbine following its retirement and yet there are no plans for dismantling the Hookers Point and Dinner Lake stations following their retirement.
  
- A.
  - a. The Gannon Station combustion turbine is currently awaiting final dismantlement to be completed by Dec. 31, 2001.
  - b. The company is currently soliciting bids for the dismantling of the combustion turbine. Given the small size of this particular unit and some potential salvage value, Tampa Electric believes that the net cost of dismantling the machine will be minimal. When bids are received, the company can update Staff if needed.
  - c. With the significant amount of activity associated with the new construction at this site, the company believes the combustion turbine should be dismantled to provide additional space and safe work conditions for the employees.



5. As stated in your petition of May 3, 2001, the company does not propose to modify its dismantlement accruals approved by Order No. PSC-00-0817-PAA-EI to reflect the changes in planning with respect to the Gannon Station Combustion turbine unit, Hookers Point, and Dinner Lake. Please explain the company's position for not updating all necessary schedules as they relate to the impact of current planning decisions that are different from that presented in the 1999 depreciation and dismantlement studies.
- A. With respect to the Gannon Station combustion turbine, the company intends to stop the dismantling accrual at the point in time when the actual dismantling begins. Upon completion of dismantling, Tampa Electric will propose the accounting treatment of any variances to the dismantlement reserve.

With respect to Hookers Point and Dinner Lake, although the stations will be taken out of service, the actual dismantlement will not coincide with the retirements. Until the company decides to dismantle these stations, the period currently being used for dismantlement of Hookers Point and Dinner Lake can be considered the best estimates. These dismantlement dates can be revisited in 2002 during the company's next depreciation study.

6. At the time of TECO's last depreciation study, the company stated it had no firm plans for the retirement of the Hookers Point Station. By the company's petition, staff assumes that the 12/31/02 retirement date now represents firm planning. Please provide a discussion of the changed circumstances that now results in the station's retirement.
- A. Tampa Electric's Ten Year Site Plan filings have included an assumed Hookers Point retirement date of Jan. 1, 2003 since the April 1994 filing, and this date has not been modified in any of the subsequent filings. The company's last depreciation study assumed a Dec. 31, 2003. The current request will correct the date assumed for depreciation accruals to be consistent with the company's Ten Year Site Plans.

The Jan. 1, 2003 retirement date results in potential plant operations through Dec. 21, 2002. Given the proximity of the pending plant retirement, the date used in the Ten Year Site Plan now can be considered a firm planning date.