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-M-E-M-O-R-A-N-D-U-M-

DATE: May 8, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Sickel, Clemence, Kummer, Lewis)
Office of the General Counsel (Hartman)

RE: Docket No. 080184-EQ – Petition for approval of standard offer contract for small qualifying facilities and producers of renewable energy, by Tampa Electric Company.

Docket No. 080187-EQ – Petition for approval of amended standard offer contract and COG-2 rate schedule, by Progress Energy Florida.

Docket No. 080193-EQ – Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

Docket No. 080194-EQ – Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and approval of tariff schedule REF-1, by Gulf Power Company.

AGENDA: 05/20/08 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Nancy Argenziano

CRITICAL DATES: 05/30/08 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\080184.RCM.DOC

DOCUMENT NUMBER-DATE

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Case Background

On February 22, 2007, the Commission adopted amendments to Rule 25-17.0832, Florida Administrative Code, and new Rules 25-17.200-25-17.310, Florida Administrative Code, relating to renewable generating facilities. The new rules require each investor-owned utility (IOU) to file with the Commission by April 1 of each year a standard offer contract for the purchase of firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kW or less. The revised standard offer contracts reflect each utility's next avoided unit shown in its most recent Ten Year Site Plan. Florida Power & Light Company, Gulf Power Company, Progress Energy Florida, Inc., and Tampa Electric Company have filed the required standard offer contracts. The Commission has jurisdiction over these contracts under Section 366.04 and 366.91, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission suspend the renewable standard offer contracts filed by Florida Power & Light Company, Gulf Power Company, Progress Energy Florida, Inc. and Tampa Electric Company?

Recommendation: Yes.

Staff Analysis: Pursuant to Section 366.06(3), Florida Statutes, the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility making the request a reason or written statement of good cause for doing so within 60 days. Staff recommends that the tariff be suspended. Standard offer contracts are to be based on each type of fossil-fueled generator contained in the utility's Ten Year Site Plan. Similar contracts were filed last year and protested by several parties. Staff believes that the new energy legislation adopted by the legislature will also have a material impact on the content of the standard offer contracts. Suspending the tariffs will allow staff adequate time to review the contracts and bring a recommendation back to the Commission on the merits of the proposal.

Issue 2: Should these dockets be closed?

Recommendation: No.

Staff Analysis: If the Commission approves Issue 1, the docket should remain open to allow staff adequate time to review the filings and bring a recommendation back to the Commission on the merits of the filings.