

# AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET  
P.O. BOX 391 (ZIP 32302)  
TALLAHASSEE, FLORIDA 32301  
(850) 224-9115 FAX (850) 222-7560

June 10, 2008

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Ms. Judy Harlow  
Division of Economic Regulation  
Florida Public Service Commission  
Room 184E – Gerald L. Gunter Bldg.  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

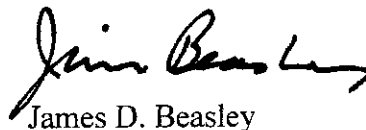
Mr. Mark Futrell  
Division of Strategic Analysis &  
Governmental Affairs  
Florida Public Service Commission  
Room 300D – Gerald L. Gunter Bldg.  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket No. 080254-EI; Petition for approval of standard interconnection agreement for non-export, parallel operators, by Tampa Electric Company

Dear Judy and Mark:

Enclosed for your use in preparing for our upcoming meeting are Tampa Electric Company's responses to the Staff questions provided to us in the above matter.

Sincerely,



James D. Beasley

JDB/pp  
Enclosure

cc: Ann Cole (w/enc.) ✓  
Billy Stiles (w/enc.)  
William R. Ashburn (w/enc.)  
Paula K. Brown (w/enc.)

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 1  
PAGE 1 OF 1  
FILED: June 10, 2008

1. How does TECO currently treat a customer's request to interconnect a backup generator? For example, hospital generators? Is there a fee for such interconnections? If so, what is the fee and what is it based on?
  - A. Customers installing back-up generation are not typically interconnected with Tampa Electric's system because the back-up generator is connected to the customer's system through a transfer switch that disconnects Tampa Electric's service prior to connecting the generator. Under these conditions, there is no fee required as the generator is never operated in parallel with the Tampa Electric system and there is limited additional work effort involved as described in the filed request.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 2  
PAGE 1 OF 1  
FILED: June 10, 2008

2. Are customers with backup generation required to sign an interconnection agreement with TECO? If not, explain why not.
  - A. No. Customers with typical back-up generation (non export) are not connected to the Tampa Electric system and therefore are not required to sign an interconnection agreement.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 3  
PAGE 1 OF 1  
FILED: June 10, 2008

3. Why is the proposed tariff needed? What is the benefit of the proposed tariff?
- A. The proposed tariff is for non export parallel operation of back-up generation and is needed to set standards, procedures and limits for the customers. After the 2004 hurricane season more commercial customers are installing these types of generators. These types of generators have sophisticated protection packages to allow parallel operations with Tampa Electric's system. The customer benefit of installing these more expensive backup generators is they can operate their business and not have to drop any load while they test run their generators monthly. The benefit of the proposed tariff is it provides a mechanism to clearly identify requirements and obligations associated with the operation of such generators in parallel with the Tampa Electric system while protecting the system itself and reducing the risk of adverse impact of such operations on other Tampa Electric customers.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-E1  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 4  
PAGE 1 OF 1  
FILED: June 10, 2008

4. How does the proposed tariff relate to TECO's Commercial Standby Generator program?
  - A. The proposed tariff does not relate to the company's Commercial Standby Generator program. Under the program, when called on by Tampa Electric to operate, the customer's backup generator is not allowed to operate in parallel with Tampa Electric's system due to the operation of a transfer switch that functions at the time load transfer is requested by Tampa Electric. Participants in that program have a backup generator on site that normally would provide power to the customer's facility in the event of an outage on Tampa Electric's system. However, by participating in the Commercial Standby Generator program, the customer elects to utilize its backup generator to supply all or part of its energy needs in the event Tampa Electric has a generation need on its system and requests the orderly transfer of the customer's load to the backup generator. The proposed tariff would apply only to generators that would operate behind the customer's meter in parallel with the Tampa Electric system and thus not be under the program.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 5  
PAGE 1 OF 1  
FILED: June 10, 2008

5. Are participants in TECO's standby generator program required to sign an interconnection agreement?
  - A. No. When the participant's generator is operating under the program, it is not supplying power to the grid; therefore, no interconnection agreement is necessary. See response to Question 4.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 6  
PAGE 1 OF 1  
FILED: June 10, 2008

6. Are participants in TECO's standby generator program prevented from delivering energy to the grid from their generator? If so, explain how.
- A. Yes. See response to Question 4.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 7  
PAGE 1 OF 1  
FILED: June 10, 2008

7. If the proposed tariff is approved by the Commission, will all participants in TECO's standby generator program be required to sign the interconnection agreement?
  - A. No. See response to Question 4.



TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 8  
PAGE 1 OF 1  
FILED: June 10, 2008

8. If the proposed tariff is approved by the Commission, will all customers with backup generation be required to sign the interconnection agreement?
  - A. Only back-up generation that parallel operates with the Tampa Electric system will be required to sign an interconnection agreement. Back-up generation that utilizes a transfer switch to disconnect from the Tampa Electric system will not be required to sign an interconnection agreement.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 9  
PAGE 1 OF 1  
FILED: June 10, 2008

9. Does TECO intend for the proposed tariff to preclude non-export parallel operator generators from ever selling power to TECO at as-available rates or from participating in the Standby Generator program?
  - A. *Customers signing the proposed tariff have no intention or desire to export power to Tampa Electric. Should they desire to do so, they would sign a different interconnection agreement. Concerning the Standby Generator program, the proposed tariff does not apply.*

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 10  
PAGE 1 OF 1  
FILED: June 10, 2008

10. What authority does the Commission have to rule on TECO's petition?
- A. The Commission has authority to rule on Tampa Electric's petition as an exercise of the Commission's jurisdiction under Section 366.04(1), Florida Statutes, ". . .to regulate and supervise each public utility with respect to its rates and services, . . ."

The Commission also has the statutory authority to insure electric power reliability under Section 366.04 (2)(c), Florida Statutes. Section 366.04(5), Florida Statutes, vests the Commission with jurisdiction over the planning, development and maintenance of a coordinated electric power grid throughout Florida. In particular, the Commission has exclusive jurisdiction to prescribe and enforce safety standards for transmission and distribution facilities of all public electric utilities (see Section 366.04(6), Florida Statutes). Public utilities are obligated by Section 366.03, Florida Statutes, to furnish each person applying therefore reasonably sufficient, adequate, and efficient service "upon terms as required by the Commission." That section also states that no public utility shall make or give any undue or unreasonable preference or advantage to any person or locality, or subject the same to any undue or unreasonable prejudice or disadvantages in any respect. It would appear that Commission approval of the proposed standard interconnection agreement for non-export, parallel operators would be a legitimate exercise of the Commission's jurisdiction over safety and reliability and would certainly relate to a service provided by Tampa Electric, all within the scope of the Commission's authority under Section 366.04, Florida Statutes. It would also insure that Tampa Electric's provision of such service is done in a standardized way without any undue or unreasonable preference or advantage, or prejudice or disadvantage, again, implementing Sections 366.03 and 366.04, Florida Statutes.

Also, since customers will be charged a fee for this interconnection, the Commission has rate jurisdiction under Section 366.04, Florida Statutes.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 11  
PAGE 1 OF 1  
FILED: June 10, 2008

11. Why has TECO included the requirement that the non-export parallel operator shall not export power into the Company's supply grid?
  - A. Because they have not requested and do not desire to export power onto the grid. Customers requesting to export power into Tampa Electric's grid would be required to sign an interconnect agreement that permits export of power into the grid.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 12  
PAGE 1 OF 1  
FILED: June 10, 2008

12. Why was the capacity size limit of no more than 10 megavolt-amperes AC power output chosen?
- A. The 10 MVA AC power output level is a level that is manageable on the Tampa Electric distribution system and would address the majority of existing and expected customers to install NPO generation. The distribution circuits on the Tampa Electric system are designed for 6 MVA normal and 12 MVA emergency loading. The 10 MVA limit is referenced in IEEE 1547, (IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems) which governs service to these customers. This standard establishes criteria and requirements for interconnection of distributed resources with electric utilities and is limited to capacities of 10 MVA or less. The combination of the IEEE 1547 limit and the range of loadings for Tampa Electric distribution circuits provides the basis of the choice of 10 MVA for the proposed agreement.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 13  
PAGE 1 OF 1  
FILED: June 10, 2008

13. Please explain why, as stated in the first *Whereas* of the tariff, "A customer that parallels the Company for 100 milliseconds or less to accomplish a "hot" transfer is not considered to be a NPO."
- A. Tampa Electric has two concerns about backup generators. The first is backfeed onto the Tampa Electric system and the second is reclosing a substation circuit breaker with a backup generator that is not in phase with the Tampa Electric system. Tampa Electric's Standard Electric Service Requirements (SESR) addresses these concerns by only allowing backup generators to be connected to the Customer's system through a single pole double throw switch. Under these conditions, the backup generator is not connected in parallel to the Tampa Electric system and Tampa Electric's two concerns are eliminated.

Some customers who have installed backup generators have complained that the use of a transfer switch to isolate their load prior to start-up of the emergency generator caused an interruption to their critical load. Tampa Electric suggested, as an alternative, that the customer install a system that synchronized the two systems, interconnecting the two systems for a short period of time, before disconnecting the load from the Tampa Electric system.

The minimum reclose time on the Tampa Electric system is 300 milliseconds. Based on that, Tampa Electric determined that a Customer could interconnect the two systems for 100 milliseconds with a backup system that would disconnect the two systems at 200 milliseconds, should the primary system fail. This would ensure the two systems would not be connected when the circuit breaker reclosed and if the Customer did unintentionally backfeed onto the system, it would not occur for over 100 milliseconds. This sort of interconnection is reviewed and inspected by Tampa Electric with no need to enter into an interconnection agreement and has worked well for small Customers. Tampa Electric would like the 100 millisecond hot transfer program to continue without being confused with the NPO described in the proposed tariff, and that is why it is excluded in the proposed agreement.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 14  
PAGE 1 OF 1  
FILED: June 10, 2008

14. The proposed tariff allows for the non-export parallel operator to be owned or leased. Will TECO require documentation on a leased system to ensure that the PV Ventures issue is not raised – i.e. the generator owner is not selling power to TECO's customer?
- A. Yes.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 15  
PAGE 1 OF 1  
FILED: June 10, 2008

15. TECO has stated that the proposed tariff will apply to Publix stores and potentially other grocery chains, building supply stores, and big box stores. Explain how such customers intend to use these generators. How often should these generators be started by the customer to ensure the generators are functional? Are there reliability concerns associated with customers testing the generators?
- A. After the storms of 2004 and 2005, some businesses such as gas stations and grocery stores have installed generators for post-storm operations. Under the requested tariff agreement, such customers will be able to parallel Tampa Electric while loading the generator. This will enable such customers to exercise the generator without interrupting critical load and parallel Tampa Electric during a storm and, if the Tampa Electric circuit that provides normal service to the facility goes out, the remainder of the customer's load will transfer to the running generator without interruption of critical load. Typically a manufacturer's warranty requires the generator to be exercised monthly, but it is the customer that ultimately decides this schedule. Tampa Electric has assessed the impact of such generators running in parallel up to 10 MVA on a normal distribution circuit and determined that the reliability concerns associated with such parallel operation are manageable, and that the proposed agreement provides a needed element of assignment of responsibility and obligation to the customer and Tampa Electric to assure such reliability concerns are managed and resolved.



TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 16  
PAGE 1 OF 1  
FILED: June 10, 2008

16. How does TECO define the "customer" that is entering into the interconnection agreement and paying an interconnection fee? Using the example of a grocery chain, is the agreement and fee specific to the chain of stores, an individual store, or each generating system at an individual store if the store has multiple generators?
- A. An individual store. To be more general, the agreement will apply to each interconnection point which would be the meter for the store.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 17  
PAGE 1 OF 1  
FILED: June 10, 2008

17. Refer to provision 8 of the proposed tariff. How does TECO intend to determine and notify customers of any contributions in aid of construction that must be paid by the customer? Will the customer be made aware of these costs prior to signing the agreement?
- A. Tampa Electric is notified through many means such as direct customer inquiry as well as contacts by account managers, field engineering technicians, inspectors, contractors etc. about the desire of customers to install non-export parallel operation emergency generation. Since an outage is always required on the secondary side of Tampa Electric's transformer to connect such a generator, notification of such an installation is assured. Not all projects would require the imposition of a contribution in aid of construction since the back-up generation work is on the customer side. The determination depends on whether Tampa Electric's equipment needs to be relocated. This cost is borne on the customer. The customer will be made aware of any such costs prior to signing the agreement.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 18  
PAGE 1 OF 1  
FILED: June 10, 2008

18. What documentation will TECO require before consenting to a customer assigning the benefits of the agreement to another party, as anticipated by provisions 17 and 23 of the proposed tariff?
- A. Subsections 17 and 23 of the proposed tariff agreement are intended to address assignments of the Customer's obligations under the agreement. Subsection 17 addresses both *benefits and obligations to insure that any proposed assignment of benefits does not affect or lessen the Customer's obligation to continue fully performing under the agreement.* In the case of an assignment, Tampa Electric would simply want to be notified of the proposed assignment and be allowed to review any documentation that would effect the proposed assignment so that it could reasonably conclude that the proposed assignment would insure that Tampa Electric and its customers continue receiving the benefits to which they are entitled under the agreement. To the extent the Customer proposes to assign its obligations under the agreement, Tampa Electric should be entitled to review basic documentation necessary to verify that the assignee is financially responsible, competent and qualified, both technically and otherwise, to perform the Customer's obligations under the agreement. This is a common due diligence contract provision designed to insure that the non-assigning party to an agreement continues to receive the benefits to which it is entitled under the agreement.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 19  
PAGE 1 OF 1  
FILED: June 10, 2008

19. How many NGOs has TECO interconnected to date that are expected to sign the proposed tariff? Have these customers been charged an interconnection fee?
- A. TECO has interconnected with 37 Non-export Parallel Operator's (NPOs) so far, and upon approval of the proposed agreement they would be expected to sign the new agreement. These customers are aware that we are seeking this agreement and have agreed to enter into it upon approval by the PSC. None of these NPOs have been charged an interconnection fee and would not have one imposed when they sign. Interconnection fees will only be charged for new customers seeking this service.

TAMPA ELECTRIC COMPANY  
DOCKET NO. 080254-EI  
STAFF'S INFORMAL QUESTIONS  
QUESTION NO. 20  
PAGE 1 OF 3  
FILED: June 10, 2008

20. Please provide justification for the 72 percent loading factor for non-productive time, direct benefits, other payroll costs and A&G used in Exhibit A to TECO's petition. Also, provide justification for the 43 percent loading factor for supervisory and administrative overhead used in Exhibit A.
  - A. See attached.

## TAMPA ELECTRIC COMPANY

Calculation of 2008  
Energy Delivery Supervision/Administrative Loading Factor

2008 Energy Delivery Supervision/Administrative Labor Costs

307 Total	\$691,128
309 Total	\$663,944
320 Total	\$672,748
437 Total	\$349,774
568 Total	\$5,367,688
615 Total	\$690,868
669 Total	\$523,679
676 Total	\$504,742
680 Total	\$68,288
855 Total	\$430,143
859 Total	\$416,127
<b>Grand Total</b>	<b>\$10,379,129</b>

2008 Energy Delivery Operation Labor Costs

540 Total	\$4,174,739
542 Total	\$4,379,544
870 Total	\$15,767,683
<b>Grand Total</b>	<b>\$24,321,966</b>

Loading Factor for Supervision/Admin  
 $\$10,379,129 / \$24,321,966 =$  43%

TAMPA ELECTRIC COMPANY

2008 FRINGE RATE STUDY

	ANNUAL \$	PCT %
2008 BUDGETED PAYROLL DOLLARS	180,055,756	100.00%
<b>NON PRODUCTIVE TIME PAID</b>		
1. VACATION	12,475,390	6.93%
2. SHORT TERM DISABILITY	443,107	0.25%
3. HOLIDAYS	6,562,586	3.64%
4. ILLNESS	3,274,002	1.82%
5. WEATHER	372,703	0.21%
6. JURY DUTY	66,819	0.04%
7. UNION BUSINESS	19,799	0.01%
8. FUNERAL	193,358	0.11%
9. OTHER MISCELLANEOUS	123,352	0.07%
TOTAL	23,531,116	13.07%
<b>DIRECT BENEFITS PAID</b>		
1. RETIREMENT BENEFITS	14,520,000	8.06%
2. EDUCATION	362,000	0.20%
3. LIFE INSURANCE	687,000	0.38%
4. MEDICAL INSURANCE	17,901,400	9.94%
5. SERVICE AWARDS	132,800	0.07%
6. SAVINGS PLAN	4,500,000	2.50%
7. EMPLOYEE ASSIST. PROGRAM	349,100	0.19%
8. WELLNESS	167,650	0.09%
9. LONG TERM CARE	95,000	0.05%
10. WORKER'S COMP INSURANCE	573,958	0.32%
TOTAL	39,288,908	21.82%
<b>OTHER PAYROLL COSTS</b>		
1. FICA EMPLOYER'S	13,774,265	7.65%
2. UNEMPLOYMENT COMPENSATION	648,201	0.36%
3. SUCCESS SHARING	10,805,146	6.00%
TOTAL	25,227,612	14.01%
<b>TOTAL FRINGE</b>	<b>88,047,636</b>	<b>48.90%</b>

A&G ADDER STUDY

FERC	TITLE	A&G Amounts	% Payroll	A&G Amounts	% Payroll
920	ADMINISTRATIVE & GENERAL SALARIES	16,109,055	11.54%	16,024,629	11.36%
921	OFFIC SUPPLIES & EXPENSES	11,264,443	8.07%	11,264,443	7.99%
923	OUTSIDE SERVICES	783,208	0.56%	-	0.00%
924	PROPERTY INSURANCE	3,169,799	2.27%	-	0.00%
925	INJURIES & DAMAGES	4,199,795	3.01%	1,801,207	1.28%
928	REGULATORY COMMISSION EXPENSE	1,870,346	1.34%	-	0.00%
930	MISCELLANEOUS GENERAL EXPENSES	13,595,082	9.74%	3,173,156	2.25%
931	RENTS	2,279,460	1.63%	-	0.00%
932	MAINTENANCE OF GENERAL PLANT	2,889,892	2.07%	-	0.00%
	<b>TOTAL A&amp;G ADDER</b>	<b>56,161,080</b>	<b>40.22%</b>	<b>32,263,435</b>	<b>22.88%</b>

TOTAL FRINGE	49%
TOTAL A&G ADDER	23%
TOTAL LOADING FACTOR FOR FRINGE & A&G	72%