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March 23, 2009

HAND DELIVERED

RECEIVED-FPSC
09 MAR 23 PM 3:15
COMMISSION
CLERK

Ms. Ann Cole, Director
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Petition of Tampa Electric Company for Approval of Extension of Small Power Production Agreement between Tampa Electric and the City of Tampa, Florida

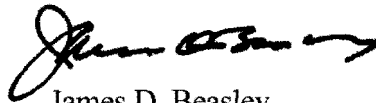
Dear Ms. Cole:

Enclosed for filing in the above-styled matter are the original and fifteen (15) copies of Tampa Electric Company's Petition for Approval of Extension of Small Power Production Agreement between Tampa Electric and the City of Tampa, Florida.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Enclosure

COM	—
ECR	—
GCL	2
OPC	1
RCP	—
SSC	—
SGA	2
ADM	—
CLK	None
PTP	1

DOCUMENT NUMBER-DATE

02531 MAR 23 08

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
For Approval of Extension of Small Power)
Production Agreement.)
_____)

DOCKET NO. _____

FILED: March 23, 2009

**TAMPA ELECTRIC COMPANY'S PETITION
FOR APPROVAL OF EXTENSION OF
SMALL POWER PRODUCTION AGREEMENT**

Tampa Electric Company ("Tampa Electric" or "the company") petitions the Florida Public Service Commission ("the Commission") for approval of an extension of a Small Power Production Agreement by and between Tampa Electric and the City of Tampa, Florida ("the City") and, in support thereof, says:

1. The name, address, telephone number and facsimile number of the petitioner are:

Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-4111
(813) 228-1770 (fax)

2. Tampa Electric is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes.

3. All notices, pleadings and correspondence required to be served on the petitioner should be directed to:

Lee L. Willis
James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115
(850) 222-7952 (fax)

Paula K. Brown, Administrator
Regulatory Coordination
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
(813) 228-1444
(813) 228-1770 (fax)

DOCUMENT NUMBER-DATE

02531 MAR 23 8

FPSC-COMMISSION CLERK

Background

4. The City owns McKay Bay Refuse-to-Energy facility ("Facility") which produces electricity as a by-product of the disposal of a renewable energy resource – municipal solid waste. The Facility is a producer of renewable energy as that term is defined under applicable law.

5. The City and Tampa Electric are parties to a Small Power Production Agreement dated August 26, 1982 ("1982 Agreement") and are parties to a May 25, 1989 Amendment to Small Power Production Agreement ("1989 Amendment") which amended the 1982 Agreement. The 1982 Agreement and the 1989 Amendment may hereinafter be collectively referred to as the ("First Agreement").

6. The City and Tampa Electric are also parties to a Small Power Production Agreement dated August 22, 2006 ("2006 Agreement").

7. On December 5, 2008 Tampa Electric and the City executed an Extension of Small Power Production Agreement (the "Extension"), subject to the approval of the Commission, which extends the provisions of the First Agreement in accordance with the terms of the Extension. The Extension does not amend or extend the 2006 Agreement beyond 12:01 A.M. August 1, 2011. A true copy of the Extension is attached hereto as Exhibit "A".

8. The Extension amends the First Agreement by increasing the Committed Capacity, modifying the capacity payment schedule and extending its term. Under the First Agreement, the City is committed to sell and Tampa Electric is obligated to purchase 15.5 megawatts of firm capacity ("First Committed Capacity") and associated energy produced by the Facility. The City has increased the electrical generating capability of the Facility to more than 19.0 megawatts subsequent to entering into the First Agreement and, pursuant to the 2006

Agreement, the City is committed to sell and Tampa Electric is obligated to purchase 3.5 megawatts of firm capacity ("2006 Committed Capacity") and associated energy produced by the Facility.

Effects of the Extension

9. Under the Extension the City will sell and Tampa Electric will purchase from the City, commencing upon the expiration date of the First Agreement and the 2006 Agreement (currently 12:01 A.M. August 1, 2011), 19.0 megawatts of firm capacity (replacing the total of the First Committed Capacity plus the 2006 Committed Capacity) and associated energy pursuant to the terms of the Extension. The Extension will extend the First Agreement, as modified in the Extension, for a period of 13 years beyond the expiration date of the initial term of the First Agreement.

10. The Extension contains various other provisions agreed to by the parties including a modified schedule for capacity payment rates during the term of the Extension; termination rights reserved to the parties; a right of first refusal for Tampa Electric relative to the purchase of the City's renewable energy credits; and a one time option for the City to accept a standard offer contract.

Benefits of the Extension to Tampa Electric's Retail Customers

11. The Extension has several benefits for Tampa Electric customers. First, the Extension provides \$2.2 million in projected savings to customers over the life of the contract. Those savings are detailed in the spread sheet attached hereto as Exhibit "B". The Extension also supplies 19 MW of firm capacity to support customer load growth, reduces fuel price volatility through coal unit energy pricing and gives customers the right of first refusal on the associated renewable energy credits.

Commission Approval

12. The Extension subject to the approval of the Commission and by its terms becomes effective on the date the Commission's order approving the Extension becomes final and non-appealable. The Extension was also subject to approval by both the City Council and the Board of Directors of Tampa Electric, both of which approvals have been obtained.

13. Tampa Electric is not aware of the existence of any disputed issues of material fact relative to the matters alleged or the relief requested in this petition.

WHEREFORE, Tampa Electric Company respectfully urges the Commission to approve the December 5, 2008 Extension of Small Power Production Agreement including Tampa Electric's ability to recover amounts prudently paid to the City in accordance with the terms of said Extension through the fuel and purchased power cost recovery clause.

DATED this 23rd day of March 2009.

Respectfully submitted,



LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

**EXTENSION OF
SMALL POWER PRODUCTION AGREEMENT**

The City of Tampa, a municipal corporation organized under the laws of the state of Florida, hereinafter referred to as "the City" and Tampa Electric Company, a private utility corporation organized under the laws of and authorized to do business within the state of Florida, hereinafter referred to as "Tampa Electric," enter into this Extension Of Small Power Production Agreement ("Extension") on this 5th day of December, 2008. The City and Tampa Electric may hereinafter in this Extension be referred to individually as a "Party", or collectively as the "Parties".

WITNESSETH:

WHEREAS, the City owns the McKay Bay Refuse-to-Energy facility ("Facility") which produces electricity as a by-product of the disposal of a renewable energy resource - municipal solid waste; and,

WHEREAS, the Facility is a producer of renewable energy as that term is defined under applicable law; and,

WHEREAS, the City and Tampa Electric are parties to a Small Power Production Agreement dated August 26, 1982 ("1982 Agreement") and are parties to a May 25, 1989 Amendment to Small Power Production Agreement ("1989 Amendment") which amended the 1982 Agreement. The 1982 Agreement and the 1989 Amendment may hereinafter be collectively referred to as the "First Agreement"; and,

WHEREAS, the City and Tampa Electric are also Parties to a Small Power Production Agreement dated August 22, 2006 ("2006 Agreement"); and,

WHEREAS, it is the intent of the Parties to amend and extend the provisions of the First Agreement in accordance with the terms of this Extension, but the Parties do not intend to amend or extend the 2006 Agreement beyond 12:01 A.M. August 1, 2011, notwithstanding paragraph 7 of the 2006 Agreement; and,

WHEREAS, it is the intent of the Parties to amend the First Agreement for purposes of, among other things, increasing the Committed Capacity, modifying the capacity payment schedule, and extending its term; and,

WHEREAS, it is the intent of the Parties that nothing contained in this Extension shall amend, modify or terminate any provision of the First Agreement or the 2006 Agreement except as specifically provided for herein; and,

WHEREAS, it is the intent of the parties that any amendments to the First Agreement effected by this Extension shall become effective only upon the expiration of the First Agreement and that the First Agreement shall continue to operate unchanged until that date; and,

WHEREAS, under the First Agreement, the City is committed to sell and Tampa Electric is obligated to purchase 15.5 megawatts of firm capacity ("First Committed Capacity") and associated energy produced by the Facility; and,

WHEREAS, the City has increased the electrical generating capability of the Facility to more than 19.0 megawatts subsequent to entering into the First Agreement and, pursuant to the 2006 Agreement, the City is committed to sell and Tampa Electric is obligated to purchase 3.5 megawatts of firm capacity ("2006 Committed Capacity") and associated energy produced by the Facility; and,

WHEREAS, the City desires to sell and Tampa Electric desires to purchase from the City, commencing upon the expiration date of the First Agreement and the 2006 Agreement

(currently 12:01 A.M., August 1, 2011), 19.0 megawatts of firm capacity (replacing the total of the First Committed Capacity plus the 2006 Committed Capacity) and associated energy pursuant to the terms of this Extension; and,

WHEREAS, the Parties agree that electric energy produced by the Facility that is in excess of the total amount of energy necessary to deliver 19.0 megawatts to Tampa Electric at a monthly capacity factor of 100% during each calendar month during the term of this Extension (“Excess Energy”) may be sold by the City to Tampa Electric; or the City may sell such Excess Energy to third-parties pursuant to separate power sale agreement(s); however, it shall be the responsibility of the City, or the purchasing third-party, to secure the Tampa Electric transmission and ancillary services and third-party transmission and ancillary services required to conduct all such third-party transactions; and,

WHEREAS, it is the intent of the Parties to extend the First Agreement, as modified herein, for a period of 13 years beyond the expiration date of the initial term.

NOW, THEREFORE, in consideration of the premises, which shall be deemed integral parts of this Extension, and of the mutual covenants and agreements set forth in this Extension, the City and Tampa Electric, intending to be legally bound, agree as follows:

1. Effective on the expiration date of the First Agreement Section 1 of the 1989 Amendment shall be deleted in its entirety and replaced with the following:

“Pursuant to Section 6.2.7 of the [1982] Agreement, the City and Tampa Electric agree that effective as of the expiration of the First Agreement (currently 12:01 A.M., August 1, 2011), the Net Capacity of the Facility shall be 19.0 megawatts of firm capacity (replacing the total of the First Committed Capacity plus the 2006 Committed Capacity) and which hereinafter shall be referred to as “Committed Capacity.” Except for

potential sales of Excess Energy to third parties as contemplated herein, the City agrees not to utilize any of the electric power generated at the Existing Facility in the operation of the Hookers Point Advanced Wastewater Treatment Plant or for any purpose other than the operation of the existing Facility throughout the term of this Extension.”

2. Effective on the expiration date of the First Agreement Appendix C to the 1989 Amendment shall be amended by deletion of the last 13 lines beginning with the line that starts with “Apr 1 '09-Mar 31 '10” and ending with the line that starts with “Apr 1 '21-Mar 31 '22” and substitution therefore of the following new 13 lines:

Contract Year	Capacity Payment Rates Applicable to 19 MW (\$/kW per Month)
1. August 1, 2011 - July 31, 2012	23.80
2. August 1, 2012 - July 31, 2013	24.51
3. August 1, 2013 - July 31, 2014	25.25
4. August 1, 2014 - July 31, 2015	26.01
5. August 1, 2015 - July 31, 2016	26.79
6. August 1, 2016 - July 31, 2017	27.59
7. August 1, 2017 - July 31, 2018	28.42
8. August 1, 2018 - July 31, 2019	29.27
9. August 1, 2019 - July 31, 2020	30.15
10. August 1, 2020 - July 31, 2021	31.05
11. August 1, 2021 - July 31, 2022	31.99
12. August 1, 2022 - July 31, 2023	32.94
13. August 1, 2023 - July 31, 2024	33.93

3. Effective on the expiration date of the First Agreement Sections 6 and 7 of the 1989 Amendment shall be modified so that commencing on the upon expiration of the First Agreement (currently 12:01 A.M., August 1, 2011 unless such date occurs later by reason of Force Majeure) and continuing for the entire term of the Extension, Section 6 of the 1989

Amendment shall be rendered null and void, as shall all provisions of Section 7 of the 1989 Amendment after the first full sentence under the heading, "Nonperformance Provision."

4. The following new provision defining the extended term of the First Agreement is hereby added:

"The term of the First Agreement shall be extended for an additional period of 13 (thirteen) years beginning at the expiration of the First Agreement (currently set at 12:01 A.M., August 1, 2011), unless such date occurs later by reason of Force Majeure, in which case the extended term shall begin upon such later date and continue for a period of 13 years, unless earlier terminated pursuant to the provisions of this Extension."

5. The following new provisions relating to termination of the Extension by the City or Tampa Electric are hereby added:

"Commencing August 1, 2011, the City and Tampa Electric shall each have the right in its sole and absolute discretion to terminate the Agreement effective August 1, 2014, August 1, 2017 or August 1, 2020, by providing 18 (eighteen) months prior written notice of such termination, and thereupon the Parties shall be fully relieved of any and all liability or responsibility of any kind to one another arising out of or relating to this Extension and the City shall be free to sell, consume or otherwise dispose of the electric capacity and/or energy produced by the Facility without encumbrance, restraint or restriction."

6. The following new provisions concerning Tampa Electric's right of first refusal are hereby added:

"(a) Tampa Electric shall have the right of first refusal, as specifically set forth below, for the purchase of the City's Renewable Energy Credits, including Renewable Energy

Credits associated with increases in capacity and energy generation at the Facility due to expansion of the Facility or modifications to the Facility. For purposes of this Paragraph 8., Renewable Energy Credits ("RECs") shall mean those tradable or transferable attributes arising by virtue of a Florida or Federal renewable energy portfolio standard ("RPS") applicable to Tampa Electric, and associated with each kWh of renewable energy sold by the City from the Facility.

(b) Subsequent to the effective date of such RPS, in the event that the City receives a bona-fide third party offer to purchase some or all of the aforementioned RECs, the City shall notify Tampa Electric of such offer, describing the quantity of RECs the City proposes to sell as well as the proposed price and payment terms ("Offer Notice"). Tampa Electric shall have the right to purchase the RECs identified in the Offer Notice at the same price, payment and other material terms offered to the City by the third party by tendering a notice to the City ("Purchase Exercise Notice") not later than fifteen (15) business days from receipt of the Offer Notice.

(c) If Tampa Electric does not timely tender a Purchase Exercise Notice, the City shall be free to enter into a binding agreement with the third party for the sale of the same RECs on the terms offered to it, but if the City does not do so on such terms by the date sixty (60) business days from receipt by Tampa Electric of the Offer Notice ("City's Acceptance Deadline Date"), the foregoing right of first refusal shall be reinstated effective on the City's Acceptance Deadline Date as if such date were the date of receipt of the Offer Notice.

(d) If any terms or conditions contained in the third party offer are specifically prohibited by or violative of then current regulations of the Florida Public Service

Commission ("FPSC") or the Federal Energy Regulatory Commission ("FERC") Tampa Electric shall notify the City of such prohibition or violation within five (5) days, and provide alternative provisions or other means to overcome such prohibition or violation.

(e) Except to the extent of the aforementioned RECs, the City shall at all times retain its sole and exclusive ownership of any and all other types of non-energy attributes associated with the electricity produced by the City, regardless of location, and the right of first refusal granted to Tampa Electric pursuant to this Paragraph 8. shall have no legal force or effect with respect to such attributes as they may now exist or be identified or as they may exist or be identified in the future, and nothing contained herein shall be deemed in any way to modify or diminish such ownership by the City. The term non-energy attributes generally includes but is not limited to any and all environmental, energy source or emission attributes of any sort, including, but not limited to, any credits, benefits, emissions reductions, offsets, allowances, renewable energy certificates, renewable energy credits, green tags or other interests, of any description, howsoever entitled, attributable to the generation of electricity from the Facility, and its displacement of electricity generated by fossil fuels or via other non-renewable production methods.

(f) Prior to the effective date of any RPS applicable to Tampa Electric, the City may, without regard to any provisions of this Paragraph 8., sell RECs (or equivalent attributes) to a third party purchaser provided such sales are terminable upon thirty (30) day unilateral notice by the City. Upon the written request of Tampa Electric to exercise its right of first refusal, the City shall timely terminate any such sales of RECs to any third parties effective upon commencement of sales of such RECs to Tampa Electric."

8. The following new provision concerning the City's one time option to accept a standard offer contract is hereby added:

"Tampa Electric has pending before the Florida Public Service Commission ("FPSC") in Docket No. 080184-EQ its March 31, 2008 petition for approval of a standard offer contract for small qualifying facilities and producers of renewable energy ("Standard Offer Contract") and its April 22, 2008 supplement to such petition. The FPSC on July 29, 2008, voted to approve Tampa Electric's proposal. Commencing on the date that the FPSC's final order approving a standard offer contract for Tampa Electric in Docket No. 080184-EQ becomes final, effective and non-appealable ("Option Start Date"), the City shall have a period of ninety consecutive (90) calendar days within which to exercise a one-time option to sign and deliver to Tampa Electric an open Tampa Electric Standard Offer Contract for the sale to Tampa Electric of the same level of capacity and associated energy the City is obligated to sell to Tampa Electric under the Existing Agreement and this Extension, whereupon Tampa Electric will follow applicable FPSC approved procedures for responding to Standard Offer Contract proposals. If the 90th day following the Option Start Date falls on a Saturday, Sunday or a paid holiday as defined in Section 110.117, Florida Statutes, the City shall have until 5:00 P.M. EPT on the next business day that Tampa Electric's principal headquarters offices are open for business within which to exercise its option.

If the City timely selects the above-referenced Standard Offer Contract option, the parties shall continue operating under the Existing Agreement and this Extension until the date on which the City's proposed Standard Offer Contract becomes effective or the termination date of the Existing Agreement as extended hereby, whichever first occurs,

whereupon the Existing Agreement and this Extension shall be rendered of no further force or effect, except as stated below. If the Existing Agreement and this Extension are rendered of no further force or effect prior to their termination date as a result of the City's selection of the above-referenced Standard Offer Contract option, either Party nevertheless shall have the right to pursue against the other Party any claims, debts or other remedies if the basis for such claim, debt or other remedy had occurred, accrued or matured under the Existing Agreement or this Extension on or before the date on which the Existing Agreement and this Extension were rendered of no further force or effect."

9. This Extension is subject to the approval of the FPSC and shall become effective on the date the FPSC's order approving this Extension becomes final and non-appealable. The provisions of Section 7.4 of the 1982 Agreement and Section 11 of the 1989 Agreement are among those provisions of the Existing Agreement that are not amended, modified or terminated by this Extension and which shall continue in full force and effect for the duration of the Existing Agreement and this Extension. This Extension is also subject to approval by both the City Council and the Board of Directors of Tampa Electric.

11. This Extension may be simultaneously executed by the Parties in up to four duplicate copies, each of which shall be considered an original.

12. Upon the expiration of the term of the First Agreement, Appendices A, B,C, D and E of the 1989 Amendment shall have no further force or effect.

13. In the event the City elects to sell any Excess Energy to any third parties as contemplated in this Extension, it shall be the responsibility of the City, or the purchasing third party, to secure the Tampa Electric and/or third party transmission and ancillary services required to conduct all such third party sales.

IN WITNESS WHEREOF, the City and Tampa Electric have executed this Extension
on the day and year first written above.

ATTEST:

CITY OF TAMPA

Shirley Fox-Knowles
City Clerk

By: Pam Iorio
Pam Iorio
Mayor

Witnesses:

Marsha Milburn
Gail S. Dreggers

TAMPA ELECTRIC COMPANY

By: Charles R. Black
Charles R. Black
President, Tampa Electric Company

Approved as to Legal Sufficiency

Charles Fletcher
Charles Fletcher
City Attorney

Resolution No. 2008-1362
Resolution Date: 12/04/2008

Fuels Management Cover Letter for Resource Planning Analysis

Introduction – Content Overview

Final savings calculations by Benjamin Smith based on the final rates within the City of Tampa agreement finalized August 11, 2008 and an analysis summary memo provided by Resource Planning.

Summary

The final NPWRR customer savings for the City of Tampa PPA is \$2,202,284 (in 2008 dollars).

NPWRR Calculation

2011 (Aug-Dec)	25.37	23.80	(1.57)	(149,150)	(118,796)
2012	26.00	24.10	(1.90)	(434,150)	(320,535)
2013	26.65	24.82	(1.83)	(417,620)	(285,809)
2014	27.32	25.57	(1.75)	(399,760)	(253,603)
2015	28.00	26.34	(1.67)	(379,620)	(223,235)
2016	28.70	27.12	(1.58)	(359,480)	(195,951)
2017	29.42	27.94	(1.48)	(338,390)	(170,981)
2018	30.15	28.77	(1.38)	(313,690)	(146,924)
2019	30.91	29.64	(1.27)	(290,320)	(126,045)
2020	31.68	30.53	(1.15)	(263,340)	(105,980)
2021	32.47	31.44	(1.03)	(234,460)	(87,465)
2022	33.28	32.39	(0.89)	(203,870)	(70,499)
2023	34.11	33.35	(0.76)	(172,710)	(55,361)
2024 (Jan-July)	34.97	33.93	(1.04)	(138,320)	(41,099)

Note 1: Actual contracted rates are valid for the period of August of the current year through July of following year. Page 2 of 2 displays the calculation of the annual rates shown in this table.

Note 2: Discount rate is 7.88%.

Respectfully Yours,

Benjamin F. Smith II, PE, CEM
Manager, Strategic Fuels and Power Services
Tampa Electric Company
(813) 228-1373
bfsmith@tecoenergy.com