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RECEIVED--FPSC

11 APR 29 PM 2:53

COMMISSION  
CLERK

April 29, 2011

## HAND DELIVERED

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

Re: Petition for approval of revisions to standard offer contract and rate schedules  
COG-1 and COG-2, by Tampa Electric Company;  
FPSC Docket No. 110093-EI

Dear Ms. Cole:

On April 1, 2011 we submitted Tampa Electric Company's Petition for approval of revisions to standard offer contract and rate schedules COG-1 and COG-2. Since that time the company has made corrections to the 2013 avoided unit parameters contained in that filing. The avoided unit's construction spending curve was adjusted to better reflect the timing of construction expenses. In addition, an error in the calculation of AFUDC resulting from the spending curve adjustment was corrected. Finally, the escalation rate applied to the fixed and variable O&M expenses was corrected.

The above revisions have affected the following tariff sheets:

Fourth Revised Sheet No. 8.422  
Fourth Revised Sheet No. 8.424  
Fourth Revised Sheet No. 8.426  
Fourth Revised Sheet No. 8.436

Enclosed herewith are the original and fifteen replacement copies of each of the above-referenced tariff sheets, in both standard and legislative formats, which we ask that you distribute to recipients of the original filing so that replacement copies may be substituted in place on the copies that accompanied the original filing.

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

COM \_\_\_\_\_  
APA \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
RAD 13 \_\_\_\_\_  
SSC \_\_\_\_\_  
ADM \_\_\_\_\_  
OPC \_\_\_\_\_  
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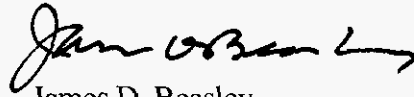
DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "James D. Beasley", with a stylized flourish at the end.

James D. Beasley

JDB/pp  
Enclosure



Continued from Sheet No. 8.418

**PARAMETERS FOR AVOIDED CAPACITY COSTS**

Beginning with the in-service date (5/1/2013) of the Company's Designated Avoided Unit, a 61 MW (Winter Rating) natural gas-fired Combustion Turbine, for a 1 year deferral:

	<b>VALUE</b>
$VAC_m =$ Company's monthly value of avoided capacity, \$/kW/month, for each month of year n	9.23
$K =$ present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year	1.5964
$I_n =$ total direct and indirect cost, in mid-year \$/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit that would have been paid had the Designated Avoided Unit(s) been constructed	757.10
$O_n =$ total fixed operation and maintenance expense for the year n, in mid-year \$/kW/year, of the Designated Avoided Unit(s);	21.53
$i_p =$ annual escalation rate associated with the plant cost of the Designated Avoided Unit(s)	1.9%
$i_o =$ annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);	1.9%
$r =$ discount rate, defined as the Company's incremental after tax cost of capital;	8.02%

Continued to Sheet No. 4.424

ISSUED BY: G. L. Gillette, President

DOCUMENT NUMBER-DATE

02956 APR 29 =

DATE EFFECTIVE:

FPSC-COMMISSION CLERK



Continue from Sheet No. 8.122

L	=	expected life of the Designated Avoided Unit(s); and	25
n	=	year for which the Designated Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.	2013
A <sub>m</sub>	=	monthly early capacity payments to be made to the CEP for each month of the contract year n, in \$/kW/month, if payments start in 2011;	6.95
m	=	Earliest year in which early capacity payments to the CEP may begin;	2011*
F	=	the cumulative present value, in the year contractual payments will begin, of the avoided capital cost component of capacity payments over the term of the contract which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s);	596.55*
t	=	the term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;	12 •

*\* Actual values will be determined based on the capacity payment start date and contract term selected by the CEP.*

Continued to Sheet No. 8.426



Continued from Sheet No. 8.424

2013 COMBUSTION TURBINE  
MONTHLY CAPACITY PAYMENT RATE (\$/KW-MONTH)

		OPTION 1	OPTION 2		OPTION 3	OPTION 4	
		NORMAL PAYMENT	EARLY PAYMENT		LEVELIZED NORMAL PAYMENT	LEVELIZED EARLY PAYMENT	
CONTRACT YEAR		Starting 5/1/13	Starting 5/1/12	Starting 5/1/11	Starting 5/1/13	Starting 5/1/12	Starting 5/1/11
FROM	TO	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.
5/1/11	4/30/12			6.95			7.46
5/1/12	4/30/13		7.97	7.08		8.52	7.49
5/1/13	4/30/14	9.23	8.13	7.21	9.80	8.55	7.51
5/1/14	4/30/15	9.41	8.28	7.35	9.84	8.58	7.54
5/1/15	4/30/16	9.58	8.44	7.49	9.87	8.61	7.57
5/1/16	4/30/17	9.77	8.60	7.63	9.91	8.64	7.60
5/1/17	4/30/18	9.95	8.76	7.78	9.94	8.67	7.62
5/1/18	4/30/19	10.14	8.93	7.92	9.98	8.71	7.65
5/1/19	4/30/20	10.33	9.10	8.07	10.02	8.74	7.68
5/1/20	4/30/21	10.53	9.27	8.23	10.06	8.77	7.71
5/1/21	4/30/22	10.73	9.45	8.38	10.10	8.81	7.74
5/1/22	4/30/23	10.93	9.63	8.54	10.14	8.84	7.77

**BASIS FOR MONTHLY ENERGY PAYMENT CALCULATION:**

1. **Energy Payment Rate:** Prior to the in-service date of the avoided unit, the CEP's Energy Payment Rate shall be the Company's As-Available Energy Payment Rate (AEPR), as described in Appendix B. Starting the in-service date of the avoided unit, the basis for determining the Energy Payment Rate will be whether:
  - a. The Company has dispatched the CEP's unit on AGC; or
  - b. The Company has dispatched the CEP's unit off AGC and the CEP is operating its unit at or below the dispatched level; or
  - c. The Company has dispatched the CEP's unit off AGC but the CEP is operating its unit above the dispatched level; or

Continued to Sheet No. 8.428



Continued from Sheet No. 8.428

**PARAMETERS FOR AVOIDED UNIT ENERGY AND VARIABLE OPERATION AND MAINTENANCE COSTS**

Beginning on May 1, 2013, to the extent that the Designated Avoided Unit(s) would have been operated had it been installed by the Company:

	<b>VALUE</b>
$O_v$ = total variable operating and maintenance expense, in \$/MWH, of the Designated Avoided Unit(s), in year n	4.01
H = The average annual heat rate, in British Thermal Units (Btus) per kilowatt-hour (Btu/kWh), of the Designated Avoided Unit(s)	10,781

**ISSUED BY:** G. L. Gillette, President

**DATE EFFECTIVE:**



Continued from Sheet No. 8.418

**PARAMETERS FOR AVOIDED CAPACITY COSTS**

Beginning with the in-service date (5/1/2013) of the Company's Designated Avoided Unit, a 61 MW (Winter Rating) natural gas-fired Combustion Turbine, for a 1 year deferral:

	<b>VALUE</b>
$VAC_m$ = Company's monthly value of avoided capacity, \$/kW/month, for each month of year n	<u>9.079.23</u>
$K$ = present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present value to the middle of the first year	<u>1.59751.5964</u>
$I_n$ = total direct and indirect cost, in mid-year \$/kW including AFUDC but excluding CWIP, of the Designated Avoided Unit(s) with an in-service date of year n, including all identifiable and quantifiable costs relating to the construction of the Designated Avoided Unit that would have been paid had the Designated Avoided Unit(s) been constructed	<u>727.54757.10</u>
$O_n$ = total fixed operation and maintenance expense for the year n, in mid-year \$/kW/year, of the Designated Avoided Unit(s);	<u>21.6621.53</u>
$i_p$ = annual escalation rate associated with the plant cost of the Designated Avoided Unit(s)	<u>1.71.9%</u>
$i_o$ = annual escalation rate associated with the operation and maintenance expense of the Designated Avoided Unit(s);	<u>2.11.9%</u>
$r$ = discount rate, defined as the Company's incremental after tax cost of capital;	<u>7.998.02%</u>

Continued to Sheet No. 4.424



Continue from Sheet No. 8.122

L	=	expected life of the Designated Avoided Unit(s); and	25
n	=	year for which the Designated Avoided Unit is deferred starting with its original anticipated in-service date and ending with the termination of the contract for the purchase of firm capacity and energy.	2013
A <sub>m</sub>	=	monthly early capacity payments to be made to the CEP for each month of the contract year n, in \$/kW/month, if payments start in <del>2010</del> 2011;	<del>5.996.95</del>
m	=	Earliest year in which early capacity payments to the CEP may begin;	<del>2010</del> 2011 *
F	=	the cumulative present value, in the year contractual payments will begin, of the avoided capital cost component of capacity payments over the term of the contract which would have been made had capacity payments commenced with the anticipated in-service date of the Designated Avoided Unit(s);	<del>536.02596.55</del> *
t	=	the term, in years, of the contract for the purchase of firm capacity if early capacity payments commence in year m;	<del>13-12</del> *

• Actual values will be determined based on the capacity payment start date and contract term selected by the CEP.

Continued to Sheet No. 8.426





Continued from Sheet No. 8.424

2013-COMBUSTION-TURBINE  
 MONTHLY-CAPACITY-PAYMENT-RATE (\$/KW-MONTH)

		OPTION-1	OPTION-2				OPTION-3	OPTION-4		
		NORMAL PAYMENT	EARLY-PAYMENT				LEVELIZED NORMAL PAYMENT	LEVELIZED-EARLY-PAYMENT		
CONTRACT YEAR		Starting 5/1/13	Starting 5/1/12	Starting 5/1/11	Starting 5/1/10	Starting 5/1/13	Starting 5/1/12	Starting 5/1/11	Starting 5/1/10	
FROM	TO	\$/kw-mo.	\$/kw-mo.	\$/kw-mo.	\$/kw-mo.	\$/kw-mo.	\$/kw-mo.	\$/kw-mo.	\$/kw-mo.	
5/1/10	4/30/11	-	-	-	5.99	-	-	-	6.42	
5/1/11	4/30/12	-	-	6.83	6.10	-	-	7.28	6.44	
5/1/12	4/30/13	-	7.84	6.95	6.21	-	8.31	7.31	6.47	
5/1/13	4/30/14	9.07	7.98	7.08	6.32	9.56	8.34	7.34	6.50	
5/1/14	4/30/15	9.23	8.12	7.20	6.43	9.60	8.38	7.37	6.52	
5/1/15	4/30/16	9.39	8.26	7.33	6.54	9.64	8.41	7.40	6.55	
5/1/16	4/30/17	9.56	8.41	7.46	6.66	9.68	8.45	7.43	6.58	
5/1/17	4/30/18	9.73	8.56	7.59	6.78	9.72	8.48	7.46	6.61	
5/1/18	4/30/19	9.90	8.71	7.73	6.90	9.76	8.52	7.49	6.63	
5/1/19	4/30/20	10.08	8.87	7.87	7.02	9.80	8.56	7.53	6.66	
5/1/20	4/30/21	10.26	9.03	8.01	7.15	9.85	8.59	7.56	6.69	
5/1/21	4/30/22	10.44	9.19	8.15	7.28	9.89	8.63	7.59	6.72	
5/1/22	4/30/23	10.63	9.35	8.29	7.41	9.94	8.67	7.63	6.76	



2013 COMBUSTION TURBINE  
 MONTHLY CAPACITY PAYMENT RATE (\$/KW-MONTH)

		OPTION 1	OPTION 2		OPTION 3	OPTION 4	
		NORMAL PAYMENT	EARLY PAYMENT		LEVELIZED NORMAL PAYMENT	LEVELIZED EARLY PAYMENT	
CONTRACT YEAR		Starting 5/1/13	Starting 5/1/12	Starting 5/1/11	Starting 5/1/13	Starting 5/1/12	Starting 5/1/11
FROM	TO	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.	\$/kw -mo.
5/1/11	4/30/12			6.95			7.46
5/1/12	4/30/13		7.97	7.08		8.52	7.49
5/1/13	4/30/14	9.23	8.13	7.21	9.80	8.55	7.51
5/1/14	4/30/15	9.41	8.28	7.35	9.84	8.58	7.54
5/1/15	4/30/16	9.58	8.44	7.49	9.87	8.61	7.57
5/1/16	4/30/17	9.77	8.60	7.63	9.91	8.64	7.60
5/1/17	4/30/18	9.95	8.76	7.78	9.94	8.67	7.62
5/1/18	4/30/19	10.14	8.93	7.92	9.98	8.71	7.65
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Continued to Sheet No. 8.428



Continued from Sheet No. 8.428

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Beginning on May 1, 2013, to the extent that the Designated Avoided Unit(s) would have been operated had it been installed by the Company:

	<b>VALUE</b>
$O_v$ = total variable operating and maintenance expense, in \$/MWH, of the Designated Avoided Unit(s), in year n	<del>4,034.01</del>
H = The average annual heat rate, in British Thermal Units (Btus) per kilowatt-hour (Btu/kWh), of the Designated Avoided Unit(s)	<del>11,49610,781</del>