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June 24, 2008

HAND DELIVERED

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

Re: FPSC Docket No. 080255-EI – Petition for approval of standard interconnection agreements for expedited interconnection of customer-owned renewable generation and associated net metering tariff, by Tampa Electric Company

Dear Ms. Cole:

Enclosed for filing in the above docket is the original of Tampa Electric Company's answers to Staff questions posed in a June 10, 2008 letter from Mr. Walter Clemence.

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. Beaslev

JDB/pp Enclosure

Walter Clemence (w/enc.) cc: Martha Carter Brown (w/enc.) Erik Sayler (w/enc.) Mark Futrell (w/enc.) Connie Kummer (w/enc.) (w/enc.) Elisabeth Draper Judy Harlow (w/enc.) Paula Brown (w/enc.)

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Subsection (4)(a) - Gross Power Rating:

- 1. This subsection provides that in order to qualify for expedited interconnection under the rule, the customer-owned generation must have a gross power rating that "does not exceed 90% of the customer's utility distribution service rating". Paragraph 8 of the interconnection agreement provides that the total capacity of the customer generation cannot exceed "90% of the rating of service currently provided to the customer. When will the customer be provided their customer distribution rating?
- A. A customer may request a service rating prior to inspection in order to help size their generator. Should that request be made, the company will review information available on company records to determine the size of the service and then provide an un-inspected estimate of the service rating information to the customer. This estimate information can be communicated directly to the customer within 10 business days after such a request. If not requested by the customer prior to inspection, the customer distribution rating will be determined during the inspection and that information will be communicated to the customer at that time, including a conclusion as to whether the customer passes the 90 percent limit.

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2. If the customer's GPR exceeded the 90% limit for "customers' utility distribution service rating", please explain whether the customer would qualify for interconnection and net metering under the terms of Rule 25-6.065(4)(a)(1), Florida Administrative Code.

A. The terms of Rule 25-6.065(4)(a)(1) are:

(4) Customer Qualifications and Fees.

(a) To qualify for expedited interconnection under this rule, customerowned renewable generation must have a gross power rating that:

1. Does not exceed 90% of the customer's utility distribution service rating;...

Per those terms, any customer whose GPR exceeds the 90 percent limit would not qualify for expedited interconnection under the rule.

In practice, if the company finds that the size GPR the customer was considering installing exceeded the 90percent limit, the customer would be informed. At that point the customer might consider downsizing the capacity of the GPR to get under the 90 percent threshold. If the customer chose to do that, the customer would then qualify. Another choice the customer could make would be to ask the company to evaluate what would be required to increase the distribution service rating in order to get under the 90 percent limit. Should the company be able to accommodate such an increase in distribution service rating, subject to potential payment of CIAC by the customer to do so, and the customer chooses to do so, the customer would then qualify.

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Subsection (4)(c) - Utility Interactive Inverter:

- 3. In Paragraph 6 the company requires the customer not to energize the system while it has been de-energized. Would TECO explain the purpose of this provision? How would a customer know that TECO's system is "de-energized"? Does having a utility interactive inverter satisfy this requirement?
- A. The purpose is for safety and clarity. Tampa Electric lines become deenergized when they are faulted, draw unexpected current, or as a result of a downed wire or outage of the system. The customer's protective scheme should sense that Tampa Electric's line is de-energized and cease to operate on its own. The utility interactive inverter, meeting the requirements of UL 1741 and IEEE 1547, should satisfy this requirement.

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- 4. Would TECO explain why customer, and not TECO, is responsible for permanently isolating customer's RGS equipment from TECO's system? Tariff is silent on TECO reserving the right to ensure that customer properly isolated their equipment.
- A. Tampa Electric's proposed agreement provides: "On termination of services pursuant to this Agreement, the Company shall open and padlock the manual disconnect switch and remove any additional metering equipment related to this Agreement. At the customer's expense, within 10 working days following the termination, the customer shall permanently isolate the RGS and any associated equipment from the Company's electric supply system, notify the Company that the isolation is complete, and coordinate with the Company for return of the Company's lock." The customer is responsible for permanently isolating the RGS equipment because it is the customer's equipment that needs to be permanently isolated on termination of services. Until the customer's RGS equipment is permanently isolated, the company's lock cannot be removed.

Tampa Electric expected to ensure that the customer had properly isolated their equipment after 10 days through direct communication with the customer and also when it went to the customer site to remove the lock. Tampa Electric is not opposed to providing additional language reserving the right to ensure, through inspection or other means, that the customer had properly isolated their equipment. TAMPA ELECTRIC COMPANY DOCKET NO. 080255-EI STAFF'S INFORMAL QUESTIONS QUESTION NO. 5 PAGE 1 OF 1 FILED: JUNE 24, 2008

Subsection (4)(d) - Interconnection Study:

- 5. If the interconnection study shows a need for expanding TECO's system at customer's cost, how will TECO notify the customer of the needed changes? Will TECO give customers the opportunity to dispute the interconnection study before the Public Service Commission before TECO modifies its system?
- A. If an interconnection study shows a need for expanding the system at customer cost, Tampa Electric would notify the customer directly, including providing a copy of any study produced. Tampa Electric would not proceed with modifications to its system at customer cost until the customer agreed to the modification. Such agreement would be after the customer had been given the opportunity to dispute the need for the modifications before the Public Service Commission.

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Subsections (4)(f), (4)(g) and (4)(h) - Cost Support for Fees:

- 6. These subsections allow the utility to propose for Commission approval standard application fees for Tiers 2 and 3 customers and an interconnection study charge for Tier 3 customers. Further, the utility is required to demonstrate that its fees and charges are cost-based and reasonable. Please provide more information to describe how the fees for Tier 2 and 3 were derived.
- A. Exhibit B in the filing provides cost support utilized to derive the fees for Tier 2 and Tier 3. The cost support provided reflects a projection, based on current experience in working with customer interconnecting renewable generation with Tampa Electric, and reasonable expectations of similar activities with Tier 2 and Tier 3 customers, of time, labor costs, transportation and other expenses expected to be incurred. Loading factors are utilized to reflect benefits, A&G and related overhead costs to the direct costs. Attached to this response are cost support documents for the loading factors. The cost support is fully provided and adequately supports the fees requested.

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- 7. Please provide cost justification for the Tier 3 interconnection study. For Tier 3 customers the tariff requires a deposit of the lesser of \$1,000 or 50% of the good faith estimate. Subsection (4)(g) permits a study charge, but is silent on allowing a deposit. Why does TECO desire to charge a deposit instead of charging a flat charge for the Interconnection Study? Does the company plan to have each interconnection study fee approved by the Commission?
- Any interconnection study that might be required for a Tier 3 interconnection Α. would be performed based on the facts and circumstances presented. A Tier 3 interconnection may not require a study, or may require a very extensive study, depending on the size and type of the RGS (which can range from 100 kW up to 2 MW), the number of existing Tier 1, 2 and 3 RGS's on the distribution line to which the RGS is to be connected, the loading of the distribution line to which the RGS is to be interconnected to, the location of the line (e.g., urban setting, suburban, rural), proximity to substation or other neighboring distribution lines, and other factors. Because of the uncertainty in what would need to be studied and how much time would be required, Tampa Electric proposes that a good faith estimate be made of the study costs and the customer provide the lesser of \$1,000 or 50% of the good faith estimate prior to initiating the study, with the remainder to be paid at the end of the A good faith estimate also ensures that the customer is study process. sincere in moving to the next step in the project.

As described in Section 11 of the Tier 3 agreement: "The final study fee will be based on actual study costs which will be invoiced to the customer after the study is completed and delivered, less the deposit and without interest, and will include a summary of professional time. If the deposit exceeds the invoiced fees, the Company shall refund any excess within 30 calendar days of the invoice without interest." The company proposes that this process for determining the fee be approved by the Commission in lieu of a flat charge to best match the cost of the study needed to each customer situation. The study fee calculated and charged to the customer would not need to be approved by the Commission, but would be subject to review by the customer and potential dispute resolution should the customer not be satisfied. TAMPA ELECTRIC COMPANY DOCKET NO. 080255-EI STAFF'S INFORMAL QUESTIONS QUESTION NO. 8 PAGE 1 OF 1 FILED: JUNE 24, 2008

- 8. Does the company intend to perform an interconnection study for all Tier 3 customers? How is the decision made whether or not to conduct an interconnection study? How does the company plan to advise Tier 3 customers of this requirement?
- As described in the response to Question 7, the company would only perform Α. an interconnection study for a Tier 3 customer if it is needed. Tampa Electric will provide a brief interconnection review for each prospective customer seeking a Tier 1, 2 or 3 interconnection during the inspection to determine if a more in depth interconnection study is needed prior to interconnection. The review would entail an examination of the RGS, associated electrical equipment, inverter, service, transformer, primary circuit, expected current flow and protection equipment on the circuit, circuit loading, and number of existing Tier 1, 2 and 3 customers on that circuit. If this review indicated the potential for problem(s) on the system as a result of the interconnection, a more thorough interconnection study would be deemed necessary to determine the intensity and potential resolutions for the indicated problem(s). This could occur for any customer, whether Tier 1, 2 or 3, although it is expected to occur for Tier's 1 and 2 very infrequently. With regard to Tier 3 customers, who are subject to paying for the more thorough interconnection study. Tampa Electric would contact the customer directly to communicate that a study was necessary and work through the cost estimates and payments required.

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9. Tier 2 and Tier 3. The tariff states: "The customer shall pay...nonrefundable fee for processing this Agreement." Use of the term "agreement" instead of "application" may be confusing in light of the Rule (4)(f), which allows for an "application fee" and not "agreement processing fee." What is TECO's reasoning for this difference from the Rule?

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A. None. Tampa Electric agrees that it would be clearer if the wording in the tariff were changed to say "application fee."

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- **10.** If a customer rises from one tier to another, will they be required to pay application fees? Would an interconnect study charge be applied if the customer rises to a Tier 3?
- A. Yes. If a customer rises from one tier to another it means that the customer has installed additional generating capacity. The addition of capacity or any kind or amount would require that the work described in the cost support must be performed again to assure the safe and reliable interconnection between the customer and Tampa Electric. An interconnection study charge would only be applied to a customer rising to Tier 3 if the company determined that such a study was required.

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Subsection (5)(b) – Utility Inspection of Customer Facilities:

- 11. Paragraph 17 of the standard agreement provides that the company shall have access to the customer's premises for any reasonable purpose in connection with the performance of the obligations imposed by the agreement. Subsection (5)(b) of the rule provides that the standard agreement must include provisions that permit the utility to inspect the customer's equipment at the time the equipment is initially put in service and when the utility has been notified that the equipment has been modified to increase its gross power rating. Please explain under what conditions the utility will need to conduct inspections of the customer equipment other than the two contained in the rule. Is it the company's intention to conduct regular inspections of the customer's facilities? If so, how often and what specific items does the company intend to inspect?
- A. The company's intentions are to have the right to inspect the customer's equipment when non-normal conditions occur. These conditions include extreme weather events, reports of hazardous conditions existing at the renewable generation location, reports of changes to the renewable generation system, etc. These reports can come from inspectors, contractors, neighbors, and company field personnel. The company does not currently plan on conducting regular inspections. However, as experience grows with these types of customers, if that experience indicates a need for regular inspections, the company reserves the right to institute such a policy as required.

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- 12. Paragraphs 12(Tier 1), 13(Tier 2) and 14(Tier 3) of the agreement provides that the company may conduct inspections at any time without notice in the event of an emergency or hazardous condition. What types of emergencies or hazardous condition are envisioned by this statement? What other conditions not specifically listed are envisioned to need an inspection? If such an inspection is conducted without notice to the customer, at what point will the customer be contacted?
- A. Energized downed lines and building fires are examples of emergency or hazardous conditions. See response to question 11 for a list of some other conditions that may require inspection. If such an inspection is required without notice, and the customer is at home, the customer will be contacted at that time. If the customer is not at home, a door hanger will be left describing the inspection visit indicating how the customer may contact the company regarding the inspection.

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- **13.** In reference to Paragraph 16(Tier 1), Paragraph 17(Tier2) and paragraph 18(Tier 3), portions of these provisions seem to go beyond the scope of Rule (5)(b), specifically TECO's language requiring the customer to provide "Upon reasonable notice, or at any time without notice.. Company access to the customer's premises for any reasonable purpose in connection with the performance of the obligations imposed by the Agreement..." Would TECO explain its reasoning for needing such unrestricted access to "customer's premises"?
 - a. Would not "customer shall not unreasonably refuse access to premises..." be better language? If the customer does refuse access or if it is an emergency, as a remedy under Rule (6)(c), could TECO open the manual disconnect until as such time "as the condition necessitating disconnection is remedied" under Rule (6)(b)?
- A. Tampa Electric can agree with the suggested language change, however, the company notes that access is still required to operate the manual disconnect switch.

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Subsection (5)(d) - Indemnification:

- 14. In reference to paragraphs 18 and 25; Would TECO explain its reasoning for these two provisions, its justification under the applicable Rule, and whether the heirs, assigns, et al, shall have to pay an application fee when signing the new interconnection agreement?
- Sections 18 and 25 of the proposed tariff agreement are intended to address Α. assignments of the customer's obligations under the agreement. Subsection 18 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 the company can 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. Section 25, likewise, makes it clear that the customer has a duty to notify Tampa Electric prior to any assignment. This subsection also makes clear that anyone to whom the obligations of the agreement are assigned remains bound by the terms of the agreement for the benefit of Tampa Electric and its general body of customers. 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. These provisions are justified under subsection (5) of Rule 25-6.065 which sets forth contents of standard interconnection agreements. That subsection provides that each such agreement shall contain certain matters, at a minimum. The reference to "at a minimum" appears intended to recognize that other standard contract provisions protecting the interests of the parties and clarifying their relative rights and obligations (such as those set forth in Sections 18 and 25) are appropriate for inclusion in the Standard Interconnection Agreement.

Heirs, assigns, et al would not be required to pay an application fee when signing a new interconnection agreement as long as there is no change to the capacity of the equipment. TAMPA ELECTRIC COMPANY DOCKET NO. 080255-EI STAFF'S INFORMAL QUESTIONS QUESTION NO. 15 PAGE 1 OF 1 FILED: JUNE 24, 2008

Subsection (6)(c) - Conditions Warranting Disconnection:

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- **15.** Under what conditions other than stated in Rule (6)(c) would TECO reasonably expect to open the Manual Disconnect Switch?
- A. An example would be that, upon request from local inspectors, Tampa Electric may open the manual disconnect switch as a result of a need to safely secure the dwelling because of a hazardous condition such as deterioration of the roof, condemnation, flooding, fire or internal wiring not to code.

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Section 7-Administrative Requirements:

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- **16.** Will the customer be provided with a copy of the associated pages of the tariff with their downloadable application for the interconnection agreement?
- A. Yes. A downloadable copy of the associated pages of the tariff will be added to the Tampa Electric web site along with the application form and the interconnection agreement.

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- **17.** In reference to Paragraph 17(Tier1) 18(Tier 2), and 19(Tier 3); would TECO explain how this provision, which appears to be different from the provisions of subsection (7) of the Rule, complies with subsection (7)?
- A. This provision does not directly address subsection (7) of the rule. Subsection (7) of the rule applies to all administrative activities associated with the interconnection and will be complied with, however, Tampa Electric did not feel it necessary to repeat all the obligations and responsibilities contained within subsection (7) which predate the execution of the agreement into the agreement that will be executed. This paragraph simply addresses an element not addressed in the rule, when and how will the customer be notified that parallel operation may commence after execution of the agreement, receipt of all documentation and demonstration of operation of the manual switch.

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- **18.** Under Rule (7)(b), after the customer submits their application, the company is supposed to provide written notice which includes the dates for any physical inspection of the RPS, *and* "confirmation of whether a Tier 3 interconnection study will be necessary." How does this language for the application, agreement, and interconnection study notice comply with subsection (7) of the Rule?
- A. Via email, Commission Staff clarified that what was being asked in this question is: "Would TECO please explain how tariff language, and specifically how paragraphs 10 and 11 of Tier 3, comply with the Administrative Requirements of subsection (7) of the Rule? The three tariffs appears to be silent as to subsection (7)(b) and (7)(d). If this silence was an omission, would TECO explain its reasoning? [For instance: it should be noted that, after the customer submits their application, subsection (7)(b) of the Rule requires the company, within 10 days, to provide written notices to the customer. The tariffs fail to inform the customer of these notices. These notices include the dates for any physical inspection of the RPS, whether a Tier 3 interconnection study will be required, etc.]."

As discussed in response to Question 17, Tampa Electric believes elements of subsections (7)(b) and (7)(d) that relate to events and obligations that occur prior to execution of the agreement do not need to be included in the tariff agreements that would be executed. The rules are clear and obligations on the part of the customer and company leading up to the execution of the agreement can be provided to the customer via the application, or on the company website from which the customer can secure the application. The elements of subsections (7)(b) and (7)(d) that relate to events and obligations that occur after execution of the agreement would also be followed and made fully aware to the customer. Tampa Electric determined that these elements did not need to be in the agreement but could be communicated to the customer via the application or on the company website. Tampa Electric has no objection if the Commission Staff would prefer that these post execution elements be included in the agreements.

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Section 8 - Net Metering:

- **19.** This section of the rule details the requirements for net metering. There is no mention of net metering in the application. Why is this not mentioned in the application? Does TECO plan to provide a copy of the net metering tariff to all applicants for interconnection of renewable generation or to bring this information to their attention in some other way? Will customers under the existing "Standard Interconnect Agreement for Small Photovoltaic Systems 10Kw or less" tariff have to sign a Tier 1 interconnection agreement?
- A. Net metering is provided for under the Tampa Electric filing through a separate tariff. The agreement does not need to address net metering and should only address the interconnection portion of the rule. A copy of the net metering tariff will be made available online with the application and interconnection agreement. Net metering information will be communicated through the Tampa Electric web site and directly to the customer as part of the application process. Customers under the existing "Standard Interconnect Agreement for Small Photovoltaic Systems 10 kW or Less" will be required to sign a Tier 1 interconnection agreement in order to obtain the full benefits of the rule.

Customers with systems greater than 10 kW but less than 100 kW will be required to sign the Tier 2 interconnection agreement, however, the fee associated with the Tier 2 application will be waived for existing customers. Currently, Tampa Electric has three existing customers that fall into the Tier 2 category. Tier 2 customers will be required to meet requirements set forth in the new interconnection agreement. This was communicated to applicable customers and requirements for new conditions were met prior to signing the existing agreements without need for additional process on the part of these three existing customers.

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- 20. It appears that net metering tariff may be in conflict with the revised Section 366.91(7), Florida Statutes, contained in House Bill 7135 (HB 7135), which requires that net metering be available as a part of conjunctive billing of multiple points. As you are aware, HB 7135 was enacted by the Legislature this past session and is expected to be signed by the Governor. Does the utility plan to amend the net metering tariff to be consistent with this provision of HB 7135? If so, what changes would you make to the net metering tariff?
- A. HB 7135 was enacted by the Legislature but has not yet been signed by the Governor. Tampa Electric appreciates the fact that the new act may be in conflict with the Commission's rule concerning conjunctive billing. If HB 7135 is signed into law and if implementation of this act requires a tariff revision, Tampa Electric is prepared to propose any necessary revisions. However, until implementation requirements are made known, Tampa Electric is not in a position to identify any necessary tariff revisions.

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- **21.** The net metering tariff states that excess credits after a year "shall be paid on a subsequent bill to the customer." Does TECO envision this as a bill credit? Will customers have the option to request a check for the payment?
- A. Tampa Electric will treat such payments as a bill credit. Tampa Electric is not proposing to provide customers the option of receiving a check for the payment. Such an option only increases the cost of administering this tariff.

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- 22. Will customers who take possession of a generation device be required to pay a new application fee? If it is a Tier 3 customer, will they need to pay for a new interconnection study?
- A. Via email, Commission Staff clarified that what was being asked in this question is: "...we are envisioning a situation where someone new takes possession of the device. Example, someone purchases a property with the device already installed. Will they need to pay the same fees as a new device? Will a new interconnection study be needed for a tier 3 device?"

Normally, if a customer takes possession of an existing, interconnected RGS, for example purchases an existing home where an RGS is already interconnected through an agreement and wants to continue operating that RGS, Tampa Electric would not require a new payment entering into a new agreement, nor would a new interconnection study be needed.

However, under circumstances where the RGS has been deactivated and the prior agreement has terminated as provided for under paragraph 22 of the Tier 3 agreement and paragraph 21 of the Tier 2 agreement, and someone takes possession of the device and wants to reactivate it, then a new agreement, including the payment of appropriate fees as well as potential for a new interconnection study, would be required. TAMPA ELECTRIC COMPANY DOCKET NO. 080255-EI STAFF'S INFORMAL QUESTIONS QUESTION NO. 23 PAGE 1 OF 1 FILED: JUNE 24, 2008

23. Is it correct that customers will be ineligible for time of use rates under net metering?

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A. No. As provided for under Tampa Electric's Schedule NM-1 tariff included in the filing, under the "Billing" subsection (b), time of use rates are eligible under net metering.

TAMPA ELECTRIC COMPANY DOCKET NO. 080255-EI STAFF'S INFORMAL QUESTIONS QUESTION NO. 24 PAGE 1 OF 1 FILED: JUNE 24, 2008

Additional Equipment:

- 24. Paragraph 10 (Tier 2) makes reference to an interconnection study for Tier 2 customers. When does the company envision conducting an interconnection study on Tier 2 customers? What equipment may be necessary after the interconnection study? What would be the costs associated with this equipment?
- A. Please see response to question number 8. With regard to the equipment portion of this question, for a single Tier 2 customer alone on a primary circuit, the necessary equipment would most likely be the service and/or the transformer only. For multiple Tier 2 customers (or a combination of Tier 1, 2 and 3 customers) that overload a lateral primary circuit, in addition to the service and transformer, the lateral may need to be upgraded. For multiple Tier 2 customers (or a combination of Tier 1, 2 and 3 customers) (or a combination of Tier 1, 2 and 3 customers) causing the current to flow backwards through protective devices, the entire primary circuit may need to be rearranged.

The costs associate with this equipment would depend on what needed to be done. For example, if the service is overloaded and owned by Tampa Electric, the cost to change-out 2/0 aluminum to 4/0 aluminum is currently \$400 for 75 feet of service. If the transformer is overloaded, the cost to change-out a 75 kVA single phase overhead transformer to a 100 kVA single phase overhead transformer is currently \$1,500. If the primary lateral is overloaded, the cost to change-out 200 feet of #2 primary to #2/0 primary is currently \$960.

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Application Form:

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- **25.** The interconnection tariff seems to suggest that there is an application to begin the interconnection process. Is this the case? If so, can we be provided with a copy of the application form?
- A. The application form can be downloaded online with the interconnection agreement. An application is attached to this document for Staff's convenience however, the form can be downloaded at the following link:

http://www.tampaelectric.com/data/files/RenewableApplication.pdf

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Information Requests from Customers:

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- **26.** In paragraph 3, TECO requests copies of all instructions. What is the purpose of this section? Why would TECO need or want to maintain copies of all instructions?
- A. The purpose is to assist the inspection process. The instructions are reviewed prior to going on the site visit such that the inspector is familiar with the equipment. Typically the instructions are emailed electronically to the company by the customer.

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Involuntary Termination:

- 27. Involuntary Termination of the Net Metering Interconnect Agreement. Staff notes that there appears to be no procedure allowing the Company to initiate involuntary termination of the net metering interconnect agreement for breach by the customer within the proposed Tariffs or the Rule, other than perhaps subsection (11), covering Dispute Resolution. Should such a situation arise, what would constitute breach and how would the Company initiate an involuntary termination of the net metering interconnect agreement?
- A. Tampa Electric believes that an involuntary termination provision of the type referred to in the above question would be an improvement to the company's Standard Interconnection Agreement. Accordingly, Tampa Electric will prepare and submit a supplement to its proposed agreement including such a provision describing circumstances under which the Standard Interconnection Agreement may be voluntarily terminated.