

State of Florida



Public Service Commission

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COMMISSION CLERK

DATE: January 21, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Ollila) *S.O. EAD*
Office of the General Counsel (Barrera) *PR MB JSC*

RE: Docket No. 150262-EU – Joint petition for approval of joint termination of settlement agreement by Tampa Electric Company and Mosaic Fertilizer, LLC.

AGENDA: 02/02/16 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On December 10, 2015, Tampa Electric Company (Tampa Electric) and Mosaic Fertilizer, LLC (Mosaic) filed a joint petition requesting approval of joint termination of a settlement agreement (agreement) entered into on October 21, 2003.¹ Mosaic is in the business of mining and processing phosphate, and manufacturing fertilizer. Mosaic owns and operates several qualifying cogeneration facilities that produce energy for Mosaic’s internal use and sells excess energy to Tampa Electric. Mosaic’s qualifying facilities typically take service under Tampa Electric’s interruptible standby rate schedules. A customer taking service under an interruptible rate schedule is subject to interruption whenever any portion of such energy is needed by the utility for the requirements of firm customers.

¹ Order No. PSC-03-1256-AS-EQ, issued November 6, 2003, in Docket No. 020898-EQ, *In re: Petition by Cargill Fertilizer, Inc. for permanent approval of self-service wheeling to, from, and between points with Tampa Electric Company’s service area*. Mosaic is the successor to Cargill under the agreement.

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The agreement required Tampa Electric to purchase energy generated by Mosaic's Riverview, Green Bay, or Bartow qualifying facilities and simultaneously sell an equivalent amount of energy to these facilities as directed by Mosaic. This would allow Mosaic to avoid service interruptions or the need to purchase optional power and to cover planned and unplanned maintenance outages. Absent the agreement, a qualifying facility that is not selling power to Tampa Electric is subject to interruptions pursuant to the interruptible standby rate schedule.

Exhibit A to the petition is a copy of the order approving the agreement and Exhibit B to the petition is a copy of the joint termination of agreement. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.051, and 366.075, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve the joint petition of Tampa Electric and Mosaic to terminate their agreement?

Recommendation: Yes, the Commission should approve the joint petition of Tampa Electric and Mosaic to terminate their agreement. (Ollila)

Staff Analysis: Although the ending date of the agreement was December 31, 2007, the terms of the agreement provided that it would continue for successive one-year terms until and unless it is terminated with one year's written notice by either party to the other party.

The parties desire to terminate the agreement at this time and state that neither party requires the one year's prior written notice. The parties have executed a joint termination of agreement which waives the one-year notice required by the agreement and request approval of the joint termination of the agreement. The agreement only impacts Tampa Electric and Mosaic and does not affect Tampa Electric's general body of ratepayers. Mosaic will continue to be able to sell excess power to Tampa Electric; however, Tampa Electric will not be required to sell an equivalent amount of power to Mosaic during periods of interruption.

Staff recommends that the Commission approve the joint petition of Tampa Electric and Mosaic to terminate their agreement.

Issue 2: Should this docket be closed?

Recommendation: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Barrera)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.