FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

June 13, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (GOAD, COLSON) RG RC
DIVISION OF LEGAL SERVICES (JOHNSON) VDJ

RE: DOCKET NO. 960566-EI - PETITION FOR APPROVAL OF A NEW CUSTOMER CHARGE FOR QUALIFYING FACILITIES NOT DIRECTLY INTERCONNECTED WITH TAMPA ELECTRIC COMPANY.

AGENDA: JUNE 25, 1996 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: July 5, 1996

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\960566EI.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Tampa Electric Company's (TECO) petition to revise Sheet Nos. 8.030, 8.050, 8.061, 8.070 and 8.071, creating a new customer charge for Qualifying Facilities (QF) not interconnected with its system?

RECOMMENDATION: Yes. TECO should recover costs incurred from serving Qualifying Facilities not interconnected with its system. The proposed revisions reasonably address these costs.

STAFF ANALYSIS: Qualifying Facilities (QF) selling firm or as-available energy to a utility pay a customer charge to the purchasing utility. QFs may be interconnected or non-interconnected. Interconnected QFs are located within the utility's service territory and generally take some type of service from the utility such as standby power. Non-interconnected QFs are located outside the service territory of the utility to whom it is selling power and, therefore, do not take power from the utility. Both types of QFs pay a custo er charge intended to recover the costs associated with metering, billing, system operations, and capital costs incurred by the purchasing utility.

TECO currently applies the firm standby (SBF) customer charge to interconnected QFs who do not take power and non-interconnected QFs. TECO contends that this charge does not fully recover the costs incurred to provide the necessary services for non-interconnected QFs.

Using an itemized calculation of the costs to provide necessary services to non-interconnected QFs, TECO estimates the total monthly cost to be $582.15. This amount is consistent with the unit cost for the SBF customer charge of $587.98 found in the 1993 Compliance Cost of Service Study. Although the unit customer charge for the combined General Service Large Demand (GSLD) and SBF classes was found to be $587.98, the billing rate was set at $280. This represented a 50% increase in the existing customer charge and was deemed the maximum increase feasible to avoid undue curtomer rate shock. The shortfall in revenue is recovered in various other charges for interconnected QFs, including the non-fuel energy charge and reservation charges. While a QF on the SBF rate may not take power often, occasions exist where it will need to purchase power. On these occasions, the QF will pay the customer related costs not recovered by the customer charge. However, non-interconnected facilities cannot take retail service from the utility and thus there is no opportunity to collect the balance of the customer charge through other charges. Since the customer charge for the GSLD/SBF class is not set at unit cost, staff agrees that it is appropriate to develop a separate customer charge that will recover all costs for non-interconnected QFs.

The Fifth Revised Sheet No. 8.050 also has been revised to define the delivery voltage adjustment that will be used for non-interconnected facilities. The delivery voltage adjustment will be determined by the Company's current annual system average transmission loss factor. Staff believes this is appropriate because TECO receives energy from a non-interconnected facility at transmission voltage as opposed to primary or secondary voltage.

ISSUE 2: What is the effective date for the proposed tariff changes?

RECOMMENDATION: TECO's proposed changes should become effective June 25, 1996.

STAFF ANALYSIS: If Issue 1 is approved, the tariff may go into effect upon Commission approval.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, if Issue 1 is approved. If a protest is filed within 21 days from the issuance of the Order, the tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed.

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.