



Public Service Commission

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RECORDS AND REPORTING

DATE: NOVEMBER 16, 2000

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

FROM: DIVISION OF ECONOMIC REGULATION (GINGER) *DRW*
DIVISION OF LEGAL SERVICES (WALKER) *KDW* *RV E* *102*

RE: DOCKET NO. 001487-EI - PETITION FOR APPROVAL OF MODIFICATION TO NON-FIRM ELECTRIC SERVICE TARIFF SHEETS AND PETITION FOR WAIVER OF RULE 25-6.0438(8), F.A.C., PERTAINING TO WRITTEN NOTICE TO TRANSFER TO FIRM SERVICE, BY TAMPA ELECTRIC COMPANY.

AGENDA: 11/28/2000 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPEND DATE: 11/27/2000
8-MONTH EFFECTIVE DATE: 5/27/2001
90-DAY RULE WAIVER DATE: 12/27/2000

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\001487b.RCM

CASE BACKGROUND

On September 27, 2000, Tampa Electric Company (TECO or Company) filed a petition with the Commission requesting approval of a modification to its IS-1, IS-3, IST-1, IST-3, SBI-1 and SBI-3 Non-Firm Electric Service Tariff Sheets, pertaining to written notice to transfer to firm service. On November 7, 2000, the Commission voted to suspend TECO's tariffs to allow staff additional time to review the filing.

On September 27, 2000, TECO also filed a petition for waiver of Rule 25-6.0438(8), Florida Administrative Code, pertaining to written notice to transfer to firm service.

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Rule 25-6.0438(8), Florida Administrative Code provides:

Each utility that offers non-firm service shall include a specific provision in its tariff that requires a customer to provide the utility with at least five years advance written notice in order for the customer to be eligible to transfer from interruptible to firm service. **A utility may apply to the Commission for approval of a different notice requirement if it can demonstrate that a different notice requirement is necessary or appropriate, either for all or any individual non-firm service offerings. (Emphasis Added).**

Given that this rule contemplates an alternative time frame, the waiver requirement of Section 120.542, Florida Statutes, is not operative.

Jurisdiction in this matter is vested in the Commission by Sections 366.04, 366.05 and 366.06, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve TECO's petition for modification to its Non-Firm Electric Service Tariff Sheets pertaining to the written notice requirement to transfer to firm service?

RECOMMENDATION: Yes. The Commission should approve TECO's petition for modification to its IS-1, IS-3, IST-1, IST-3, SBI-1 and SBI-3 Non-Firm Electric Service Tariff Sheets pertaining to written notice to transfer to firm service.

STAFF ANALYSIS: TECO has requested a minimum notice period of 36 months prior to the transfer from non-firm service to firm service for its IS-1, IS-3, IST-1, IST-3, SBI-1 and SBI-3 rate schedules. These rate schedules currently require a five-year notice from customers who wish to return to firm service. TECO currently has two non-firm rate schedules which contain 36-month notice requirements: GSLM-2 and GSLM-3. Order No. PSC-99-1778-FOF-EI approving these rate schedules reads in part as follows:

Rule 25-6.0438, Florida Administrative Code, requires that non-firm customers provide five years minimum notice prior to switching from non-firm to firm service. The rule provides that a utility can request a different minimum notice period if it can be demonstrated that a different notice requirement is appropriate. TECO has requested that the minimum notice for the GSLM tariffs be reduced to 36 months. TECO argues that this more closely reflects the planning horizon of constructing a new combustion turbine. We agree; the minimum notice should coincide with TECO's planning horizon. We note that a 36-month notice is consistent with Florida Power Corporation's notice period in its Interruptible General Service tariff adopted in June 1996.

Rule 25-6.0438, Florida Administrative Code requiring five years' written notice to transfer from non-firm service to firm service was adopted at a time when most utilities were building generation facilities that required up to a five-year construction schedule. The five year notice period was intended to give the utilities sufficient time to plan and build its generation facilities to meet the needs of its firm customers, including the needs of those customers who were formerly interruptible.

According to TECO's Ten Year Site Plan filed with the Commission in April 2000, all eight of TECO's planned plant additions in the next ten years are either Combustion Turbine (CT) or Combined Cycle (CC) units. Both of these unit types can be constructed and placed into service in less than three years.

Rule 25-6.0438(8), Florida Administrative Code, allows a utility to require less than a five-year written notice if they can demonstrate that a different notice requirement is necessary or appropriate. Based on the type of generating unit additions reflected in TECO's Ten Year Site Plan and the lead time associated with constructing those units, staff believes that a 36-month notice requirement is appropriate, and recommends approval of the tariff modification.

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ISSUE 2: What is the appropriate effective date for TECO's revised non-firm electric service tariff sheets.

RECOMMENDATION: The appropriate effective date for TECO's revised non-firm electric service tariff sheets is November 28, 2000. (Ging)

STAFF ANALYSIS: If the Commission approves TECO's revised non-firm electric service tariff sheets at its November 28, 2000 Agenda Conference, the tariff sheets should become effective on that date.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, if no protest is filed within 21 days of the issuance of the order. (Walker)

STAFF ANALYSIS: If a protest is filed within 21 days of the Commission order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon issuance of the Consummating Order.