

129 FERC ¶ 61,063  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

October 23, 2009

In Reply Refer To:  
Tampa Electric Company  
Docket No. ER09-1653-000

Thompson Hine LLP  
1920 N Street, NW  
Washington, DC 20036-1600

Attention: Peter C. Lesch, Esq.  
Counsel for Tampa Electric Company

Reference: Revisions to Schedule 2 of Open Access Transmission Tariff

Dear Mr. Lesch:

1. On August 31, 2009, you filed on behalf of Tampa Electric Company (Tampa Electric), pursuant to section 205 of the Federal Power Act,<sup>1</sup> revisions to Schedule 2 of its open access transmission tariff.<sup>2</sup> You state that Tampa Electric proposes to eliminate compensation for Reactive Supply and Voltage Control from Generation and Other Sources Service (reactive power) within the established power factor range (deadband) or specified voltage schedule for all affiliated and unaffiliated generators and to set to zero charges for reactive power service. You request an effective date of November 1, 2009.

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<sup>1</sup> 16 U.S.C. § 824d (2006).

<sup>2</sup> First Revised Sheets Nos. 67 and 68 to FERC Gas Tariff, Third Revised Volume No. 4.

2. You state that under Order No. 2003,<sup>3</sup> a transmission provider is not required to compensate unaffiliated generators for reactive power provided within the deadband, as long as it does not compensate its own or affiliated generators within the deadband.
3. Notice of Tampa Electric's filing was published in the *Federal Register*, 74 Fed. Reg. 46,192 (2009), with interventions and comments due no later than September 21, 2009. No interventions or comments were filed.
4. Tampa Electric proposes to revise Schedule 2 to eliminate compensation for reactive power provided inside the established deadband for all affiliated and unaffiliated generators. We find that this proposal is consistent with Order Nos. 2003 and 2003-A, which, taken together, establish that no generator should receive compensation for providing reactive power inside the deadband and that unaffiliated generators have a right to such compensation only if affiliated generators are so compensated.<sup>4</sup> Because Tampa Electric proposes to eliminate compensation for reactive power provided inside the established deadband for all generators—affiliated and unaffiliated—we find that the proposed revisions are just, reasonable, and not unduly discriminatory or preferential.<sup>5</sup>
5. We note, however, that Tampa Electric's revised Schedule 2 does not provide for compensation for reactive power requested by Tampa Electric outside of the applicable deadband. The Commission has explicitly stated that generators interconnected to a transmission provider's system must receive compensation when the transmission

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<sup>3</sup> *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, FERC Stats. & Regs. ¶ 31,146, at P 826 (2003), *order on reh'g*, Order No. 2003-A, FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 475 F.3d 1277, 374 U.S. App. D.C. 406 (D.C. Cir. 2007).

<sup>4</sup> Order No. 2003, FERC Stats. & Regs. ¶ 31,146 at 546 (An interconnecting generator “should *not* be compensated for reactive power when operating its Generating Facility *within* the established power factor range, since it is *only* meeting its obligation.”); Order No. 2003-A FERC Stats. & Regs. ¶ 31,160 at P 416 (“[I]f the transmission provider pays its own or its affiliated generators for reactive power within the established range, it must also pay the Interconnection Customer.”).

<sup>5</sup> *Accord Entergy Serv., Inc.* 113 FERC ¶ 61,040, at P 38-39 (2005); *reh'g denied*, 114 FERC ¶ 61,303, at P 14-15 (2006), *reh'g denied*, 115 FERC ¶ 61,378 (2006) (*Entergy*); *Southwest Power Pool, Inc.*, 119 FERC ¶ 61,199, at P 29 (2007), *order on reh'g*, 121 FERC ¶ 61,196, at P 17 (2007) (collectively, *SPP*).

provider directs the generator to operate outside of the established deadband.<sup>6</sup> Consequently, we accept Tampa Electric's proposed revisions to Schedule 2, effective November 1, 2009, as requested, subject to the condition that Tampa Electric submit a compliance filing, within 30 days of the date of this order, stating the rate at which a generator will be paid when directed by Tampa Electric to operate outside the established deadband along with accompanying cost support.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>6</sup> *SPP*, 119 FERC ¶ 61,199 at P 29; *Michigan Electric Transmission Co.*, 96 FERC ¶ 61,214, at 61,906 (2001), *order on reh'g*, 97 FERC ¶ 61,187, at 61,852 (2001) (“[T]o the extent that reactive power is provided outside reactive design limitations, Generators would be entitled to compensation.”). Moreover, section 9.6.3 of the Commission's Order No. 2003-A *pro forma* Large Generator Interconnection Agreement expressly provides that the Interconnection Customer is to be compensated whenever it is directed by the transmission provider to operate its generator outside the established deadband.