

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: June 18, 1996
TO: All Parties
FROM: Robert V. Elias, Chief of Electric & Gas, Division of Legal Services *RVE*
RE: Docket No. 960409-EI - Prudence review to determine regulatory treatment of Tampa Electric Company's Polk Unit.

Via Facsimile

Attached is a revised issue list in the above docket. Please note that we have suggested rewording what is now Issue No. 14 and deleting what is now Issue No. 15.

RVE/js
Attachment

DOCUMENT NUMBER-DATE
06571 JUN 18 1996
FPSC-RECORDS/REPORTING

Docket No. 960409-EI
Prudence Review to Determine Regulatory Treatment
of Tampa Electric Company's Polk Unit

Revised Preliminary Issues - 6/18/96

PLANNING ISSUES

1. Was the continued construction of the Polk IGCC unit by Tampa Electric Company reasonable and prudent?
2. Were Tampa Electric Company's assumptions regarding sunk costs in each of its annual cost-benefit analysis reasonable?
3. Were Tampa Electric Company's assumptions regarding variable operations and maintenance expense in each of its annual cost-benefit analysis reasonable?
4. Were Tampa Electric Company's assumptions regarding tax credits in its 1994 and 1995 Polk IGCC cost-benefit analysis reasonable?
5. Did Tampa Electric Company adequately address its declining demand and energy forecasts in each of its annual cost-benefit analysis?

FUEL ISSUES

6. Has Tampa Electric Company demonstrated that its 1992, 1993, 1994, and 1995 fuel price forecasts were reasonable and prudent?
7. Has Tampa Electric Company demonstrated that petcoke is a reliable and viable fuel for the Polk IGCC Unit?
8. Were Tampa Electric Company's assumptions regarding the combined use of as-available natural gas and light oil as the primary fuels for a combined cycle alternative in its 1994, 1995, and 1996 Polk IGCC cost-benefit analysis reasonable?
9. Was it reasonable for Tampa Electric Company to assume as-available natural gas transportation rather than firm gas transportation in its 1992, 1993, 1994, and 1995 Polk IGCC cost-benefit analysis?

RATE BASE TREATMENT

10. What is the appropriate amount of the Polk IGCC Unit's cost to be included in rate base?

11. What is the appropriate amount of the Polk IGCC Unit's cost to be included in the calculation of net operating income?
12. What are the appropriate capital structure components associated with the Polk IGCC unit?
13. What is the appropriate regulatory treatment for the Port Manatee (HIL7) site?
14. How should the capital and fuel costs associated with wholesale sales made from the Polk IGCC unit be separated from the retail jurisdiction?
- ~~15. Should the Polk IGCC unit be used as the basis for computing the cost of incremental off system sales?~~

ALTERNATIVE RATEMAKING TREATMENTS

- ~~16.~~ 15. Should the Commission consider an alternative method of cost recovery for TECO's Polk County IGCC unit?