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ORIGINAL

March 5, 2003

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030226 - E1

Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Petition of Tampa Electric Company for approval of a new environmental program
for cost recovery through the Environmental Cost Recovery Clause

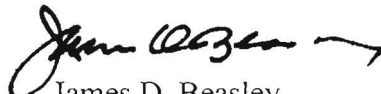
Dear Ms. Bayo:

Enclosed for filing in the above-styled matter are the original and fifteen (15) copies of
Tampa Electric Company's Petition for Approval of a New Environmental Program for Cost
Recovery through the Environmental Cost Recovery Clause.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this
letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosures

RECEIVED & FILED


FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

02215 MAR-58

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
for approval of a new environmental)
program for cost recovery through)
the Environmental Cost Recovery Clause.)
_____)

DOCKET NO. 030226-EI
FILED: March 5, 2003

**PETITION OF TAMPA ELECTRIC COMPANY FOR APPROVAL OF
A NEW ENVIRONMENTAL PROGRAM FOR COST RECOVERY
THROUGH THE ENVIRONMENTAL COST RECOVERY CLAUSE**

Tampa Electric Company (“Tampa Electric” or “the company”), by and through its undersigned counsel, and pursuant to Section 366.8255, Florida Statutes, and Florida Public Service Commission ("Commission") Order Nos. PSC-94-0044-FOF-EI and PSC-94-1207-FOF-EI, hereby petitions this Commission for approval of the company’s new environmental compliance program – Big Bend Unit 4 Separated Overfire Air (“SOFA”) Low NO_x Retrofit – for cost recovery through the Environmental Cost Recovery Clause (“ECRC”). In support thereof the company says:

1. Tampa Electric is an investor-owned electric utility subject to the Commission’s jurisdiction pursuant to Chapter 366, Florida Statutes. Tampa Electric serves retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties in Florida. The company’s principal offices are located at 702 North Franklin Street, Tampa, Florida 33602.

2. The persons to whom all notices and other documents should be sent in connection with this docket are:

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James D. Beasley
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DOCUMENT NUMBER-DATE

02215 MAR-5 03

FPSC-COMMISSION CLERK

3. On December 16, 1999 Tampa Electric and the Florida Department of Environmental Protection (“DEP”) entered into a Consent Final Judgment (“CFJ”). On February 29, 2000 the United States Environmental Protection Agency (“EPA”) initiated a Consent Decree with Tampa Electric in the Federal District Court. Both the CFJ and the Consent Decree (“Orders”) embody the resolutions between the agencies and Tampa Electric stemming from disputed issues surrounding Tampa Electric’s modifications to its Big Bend and Gannon Stations that were alleged to be in violation of the EPA’s New Source Review rules and New Source Performance Standards currently codified in Title I of the Clean Air Act Amendment. The Orders have been previously provided to the Commission in Tampa Electric’s petition filed in Docket No. 000685-EI.

4. Section V.E. of the CFJ states:

“TAMPA ELECTRIC COMPANY shall add nitrogen oxide controls, repower or shut down Units 1 through 3 at Big Bend Station by May 2010 and at Unit 4 at Big Bend Station by May 2007. If SCRs [Selective Catalytic Reduction systems] or similar nitrogen oxide controls are installed, BACT [Best Available Control Technology] for nitrogen oxide will be .10 lbs./mmBTU on Unit 4 and .15 lbs./mmBTU on Units 1,2, and 3.”

This establishes the long-term NO_x reduction target for Big Bend Station determined by the DEP.

5. The Consent Decree requires Tampa Electric to spend \$3 million on early NO_x reductions at Big Bend Station. Furthermore, the company must spend additional dollars on innovative NO_x control technologies at either Big Bend Station or Gannon Station, or spend additional dollars to reduce NO_x emissions below the lowest rate otherwise applicable in the Consent Decree. This additional requirement is delineated in Section 52.C.(1) of the Consent Decree with EPA which states:

“General Requirement. Tampa Electric shall expend the remainder of the Project Dollars required under this Consent Decree to: (i) demonstrate innovative NO_x control technologies on any of its Units-or boilers at Gannon or Big Bend not Shutdown or on Reserve/Standby; and/or (ii) reduce the NO_x Emission Rate for any Big Bend coal-combusting Unit below the lowest rate otherwise applicable to it under this Consent Decree.”

The Big Bend Unit 4 SOFA project meets the requirement stated in the section above.

6. This Petition seeks approval of recovery through the ECRC the cost of the Big Bend Unit 4 SOFA project which satisfies two aspects of the Consent Decree. First, a selective catalytic reduction (“SCR”) system or other approved NO_x reduction technologies must ultimately be utilized for Big Bend Unit 4 to achieve a NO_x emission rate of 0.10 lbs./mmBTU by 2007. However, in-furnace combustion control through a SOFA system is the most cost effective means to reduce NO_x emissions prior to the application of these technologies. Therefore, the application of SOFA technology at this stage of the company’s NO_x abatement effort will reduce the cost of future technologies (e.g., an SCR system or otherwise) on Unit 4 as Tampa Electric works to achieve the ultimate requirements of the Orders. Second, the application of a SOFA system will be integral to meeting the requirements of Paragraph 52.C.(1) of the Consent Decree which requires Tampa Electric to invest in innovative technologies or otherwise better the NO_x emission limits set forth elsewhere in the Consent Decree. Should Tampa Electric elect to perform that requirement at a later date, then the company would be required to perform work that would reduce NO_x emissions to less than 0.10 lbs./mmBTU.

7. Functionally, the SOFA system will reduce NO_x emissions based upon proven techniques that will stage the secondary combustion air to prevent NO_x formation rather than

trying to remove it with a post-combustion technology. Based on the cost per ton of NO_x removal, the selection of an in-furnace technology such as a SOFA system prior to the installation of post-NO_x generation removal systems is accepted throughout the industry as the more prudent decision.

8. As previously stated, performing this work in advance of the final 2007 compliance date can offer significant financial benefits. Additionally, the current outage schedule for Big Bend Unit 4 dictates this year as the only opportunity to install a SOFA system on the unit prior to initiating the work necessary to meet the 2007 NO_x emissions limit. Finally, installing, testing the capabilities and operating the SOFA system is necessary to properly size a post-combustion technology to achieve the final 0.10 lbs./mmBTU emission rate required by the Orders.

Qualifications and Estimated Expenditures for ECRC Recovery

9. Tampa Electric will incur costs for the Big Bend Unit 4 SOFA project in order to meet the compliance requirement specified in the Orders. The new program meets the criteria established by this Commission in Docket No. 930613-EI, Order No. PSC-94-0044-FOF-EI in that:

- (a) all expenditures will be prudently incurred after April 13, 1993;
- (b) the activities are legally required to comply with a governmentally imposed environmental regulation enacted, became effective, or whose effect was triggered after the company's last test year upon which rates are based; and
- (c) none of the expenditures are being recovered through some other cost recovery mechanism or through base rates.

10. The costs for which Tampa Electric is seeking ECRC recovery are for the capital and operation and maintenance (“O&M”) expenditures associated with the engineering, procurement, construction, start-up, tuning, operation and ongoing maintenance of the SOFA system on Big Bend Unit 4. The expenditure projections are \$3,230,000 for capital costs and \$30,000 annually for O&M expenses for the first full year of service. The annual O&M estimate may increase over time as the equipment ages. Exhibit A to this Petition details both the capital and O&M expenditures associated with the project.

11. Tampa Electric expects to begin incurring costs associated with this program in March 2003. Tampa Electric is not requesting a change in its ECRC factors that have been approved for calendar year 2003. Instead, the company proposes to include in its true up filing for 2003 all program costs incurred subsequent to the filing of this Petition through the end of 2003. The company would then include program costs projected for 2004 and beyond in the appropriate projection filing. All of this would be subject to audit by the Commission.

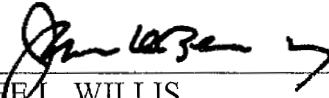
12. This program is a compliance activity associated with the Clean Air Act Amendment that should be allocated to rate classes on an energy basis.

13. Tampa Electric is not aware of any disputed issues of material fact relative to the matters set forth in this Petition.

WHEREFORE, Tampa Electric respectfully requests the Commission to approve the company’s proposed Big Bend Unit 4 SOFA project and recovery of the costs of this program through the ECRC in the manner described herein.

DATED this 5th day of March 2003.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

Tampa Electric Company
Exhibit A
Big Bend Unit 4 SOFA Project Costs

Big Bend Unit 4 SOFA Project Costs

<u>2003</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>TOTAL</u>
Capital	\$0	\$0	\$146,000	\$11,000	\$158,000	\$307,000	\$35,000	\$598,000	\$31,000	\$595,000	\$910,000	\$159,000	\$2,950,000
<u>2004</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>TOTAL</u>
Capital	\$140,000	\$140,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$280,000
Total Capital:	\$3,230,000												
Annual O&M⁽¹⁾	\$30,000												

⁽¹⁾ Estimate is for first full year of service. Some increase may occur annually as equipment ages.