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Public Service Commission

February 23, 2006

Mr. James D. Beasley  
Ausley & McMullen  
P.O. Box 391  
Tallahassee, FL 32302

RE: Docket No. 050958-EI – Cost Recovery Through the Environmental Cost Recovery Clause

Dear Jim:

We appreciate the opportunity to have met with TECO on February 16, 2006, to discuss the above-referenced project. The meeting was very informative and helpful. We have some follow-up questions, listed below.

- 1. Please provide the PROMOD output summaries of TECO's cost-effectiveness analysis.
- 2. If not already included as part of the PROMOD outputs, please provide the following items:
  - a) duration of study period in years (provide the ending date for each Big Bend unit separately if they are different);
  - b) assumptions for replacement energy (MWH and cost) during forced and maintenance outage hours;
  - c) assumptions for emissions credits (MWH and cost) during forced and maintenance outage hours;
  - d) assumptions for coal switching (MWH and cost) during forced and maintenance outage hours;
  - e) present worth revenue requirements (annual and cumulative) for each year of the study period; and,
  - f) environmental effects such as estimates of air emissions for all cases considered.

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- 3. Please describe how the duration of forced and maintenance outage hours was determined for the project.
- 4. Please identify any annual jurisdictional amounts that TECO expects will affect the ECRC true up for 2006 and projections for 2007. Please estimate the effect on the bills of residential customers that will result from the proposed project.

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5. Please provide the amount, estimated date, and plant account for all retirements resulting from the proposed project. Indicate whether the asset to be retired is currently recovered through the ECRC, base rates, or other mechanisms. If cost recovery occurs through more than one mechanism, please identify each recovery mechanism and the percentage of recovery provided through each mechanism.
6. Please provide the amount, estimated date, and plant account for all planned additions resulting from the proposed project. Indicate whether cost recovery of each addition is occurring on assets currently recovered through the ECRC, base rates, or other mechanisms. If cost recovery of an asset occurs through more than one mechanism, please identify each recovery mechanism and the percentage of recovery provided through each mechanism.
7. Does the base case from which TECO calculated savings (Table 1 of the Petition) comply with the Consent Decree and Consent Final Judgment?
8. Please describe all changes to the GPIF that are necessary to recognize:
  - a) EAF benefits achieved by the proposed project;
  - b) cost recovery of the proposed project through the ECRC;
  - c) changes to the rewards and penalty mechanism of the GPIF to recognize that incentives are not needed for costs recovered through the ECRC.
9. If TECO does not believe any changes to GPIF are appropriate, please explain why.
10. Will double recovery of EAF improvements occur through the GPIF and ECRC if TECO recovers any of the costs associated with the proposed activities through the ECRC? Please explain why.

We would like to receive responses to these questions by March 16, 2006. If you need to discuss the questions in this data request, or need additional time to respond, please call me at 413-6230. Thank you for your assistance.

Sincerely,

*Marlene K. Stern*

Marlene K. Stern

~~CC: Director, Commission Clerk and Administrative Services~~