

# AUSLEY & MCMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET  
P.O. BOX 391 (ZIP 32302)  
TALLAHASSEE, FLORIDA 32301  
(850) 224-9115 FAX (850) 222-7560

October 3, 2008

HAND DELIVERED

RECEIVED-FPSC  
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COMMISSION  
CLERK

Ms. Ann Cole, Director  
Division of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Environmental Cost Recovery Clause  
FPSC Docket No. 080007-EI

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Prehearing Statement.

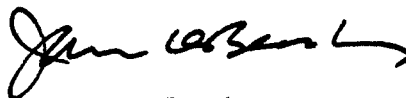
Also enclosed is a CD containing the above-referenced Prehearing Statement generated on a Windows 98 operating system and using Word 2000 as the word processing software.

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

COM \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL 1  
OPC \_\_\_\_\_  
RCP 3  
SSC \_\_\_\_\_  
SGA 1  
ADM \_\_\_\_\_  
CLK JDB/pp

Thank you for your assistance in connection with this matter.

*A CD forwarded to GCL.*  
Sincerely,



James D. Beasley

cc: All Parties of Record (w/enc.)

DOCUMENT NUMBER-DATE

09362 OCT-3 08

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost )  
Recovery Clause. )  
\_\_\_\_\_ )

DOCKET NO. 080007-EI  
FILED: October 3, 2008

**TAMPA ELECTRIC COMPANY'S  
PREHEARING STATEMENT**

**A. APPEARANCES:**

LEE L. WILLIS  
JAMES D. BEASLEY  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302

On behalf of Tampa Electric Company

**B. WITNESSES:**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Howard T. Bryant (TECO)	Final true-up for period ending December 31, 2007, estimated true-up for period January 2008 through December 2008; projections for period January 2009 through December 2009	1, 2, 3, 4, 5, 6, 7, 8
2. Paul L. Carpinone (TECO)	Qualification of environmental activities for ECRC recovery	3, Tampa Electric Specific Issue 1

DOCUMENT NUMBER-DATE  
09362 OCT-3 08  
FPSC-COMMISSION CLERK

**C. EXHIBITS:**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(HTB-1)</u>	Bryant	Final Environmental Cost Recovery Commission Forms 42-1A through 42-8A for the period January 2007 through December 2007
<u>(HTB-2)</u>	Bryant	Environmental Cost Recovery Commission Forms 42-1E through 42-8E for the Period January 2008 through December 2008
<u>(HTB-3)</u>	Bryant	Forms 42-1P through 42-7P Forms for the January 2009 through December 2009

**D. STATEMENT OF BASIC POSITION**

**Tampa Electric Company's Statement of Basic Position:**

The Commission should approve for environmental cost recovery the compliance programs described in the testimony and exhibits of Tampa Electric Witnesses Bryant and Carpinone. The Commission should also approve Tampa Electric's calculation of its environmental cost recovery final true-up for the period January 2007 through December 2007, the actual/estimated environmental cost recovery true-up for the current period January 2008 through December 2008, and the company's projected ECRC revenue requirement and the company's proposed ECRC factors for the period January 2009 through December 2009.

**E. STATEMENT OF ISSUES AND POSITIONS**

**Generic Environmental Cost Recovery Issues**

**ISSUE 1:** What is the final environmental cost recovery true-up amount for the period ending December 31, 2007?

**TECO:** The appropriate final environmental cost recovery true-up amount for this period is an over-recovery of \$12,464,395. (Witness: Bryant)

**ISSUE 2:** What is the estimated environmental cost recovery true-up amount for the period January 2008 through December 2008?

**TECO:** The estimated environmental cost recovery true-up amount for the period is an under-recovery of \$7,753,224. (Witness: Bryant)

**ISSUE 3:** What is the projected environmental cost recovery amount for the period January 2009 through December 2009?

**TECO:** The appropriate amount of environmental costs projected to be recovered for the period January 2009 through December 2009 is \$50,107,327. (Witnesses: Bryant; Carpinone)

**ISSUE 4:** What is the environmental cost recovery amount, including true-up amounts, for the period January 2009 through December 2009?

**TECO:** The total environmental cost recovery amount, including true-up amounts, for the period January 2009 through December 2009 is \$45,428,841 after the adjustment for taxes. (Witness: Bryant)

**ISSUE 5:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2009 through December 2009?

**TECO:** The depreciation rates used to calculate the depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service. (Witness: Bryant)

**ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2009 through December 2009?

**TECO:** The demand jurisdictional separation factor is 95.87232%. The energy jurisdictional separation factors are calculated for each month based on projected retail kWh sales as a percentage of projected total system kWh sales. These are shown on the schedules sponsored by witness Bryant. (Witness: Bryant)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2009 through December 2009, for each rate group?

**TECO:** Two separate sets of factors should be approved to give effect to Tampa Electric's rate design modifications proposed in its base rate proceeding in Docket No. 080317-EI. For the January 2009 – April 2009 period the proposed ECRC billing factors are as follow:

<b><u>Rate Class</u></b>	<b><u>Factor at Secondary Voltage (\$/kWh)</u></b>
RS, RST Secondary	0.229

GS, GST, TS Secondary	0.229
GSD, GSDT	
Secondary	0.228
Primary	0.225
Transmission	0.223
GSLD, GSLDT, SBF	
Secondary	0.226
Primary	0.224
Transmission	0.222
IS1, IST1, SBI1, IS3, IST3, SBI3	
Secondary	0.223
Primary	0.221
Transmission	0.219
SL, OL Secondary	0.225
Average Factor	0.228

As explained in the Prepared Direct Testimony of Tampa Electric witness Howard T. Bryant, the factors would change for the period May 2009 – December 2009 as follows:

<u>Rate Class</u>	<u>Factor at Secondary Voltage (¢/kWh)</u>
RS	0.225
GS, TS	0.227
GSD, SBF	
Secondary	0.231

Primary	0.228
Transmission	0.226
LS1	0.239
Average Factor	0.228

(Witness: Bryant)

**ISSUE 8:** What should be the effective date of the environmental cost recovery factors for billing purposes?

**TECO:** The factors should be effective beginning with the specified environment cost recovery cycle and thereafter for the period January 2009 through December 2009. Billing cycles may start before January 1, 2009, and the last cycle may be read after December 31, 2009, so that each customer is billed for 12 months regardless of when the adjustment factors became effective. (Witness: Bryant)

**Company Specific Environmental Cost Recovery Issues**

Tampa Electric Company (TECO)

**ISSUE 1:** Should TECO continue to recover Capital and O&M costs associated with its CAVR, CAIR and CAMR compliance projects in light of the vacatur of CAMR and potential vacatur of CAIR?

**TECO:** Tampa Electric is governed by the clean air provisions of a Consent Decree which became effective February 29, 2000 and a Consent Final Judgment which became effective December 6, 1999, settling federal and state litigation with the U. S. Environmental Protection Agency, the U. S. Department of Justice and the Florida Department of Environmental Regulation. Therefore, the company's projects were not initiated to accomplish provisions of CAIR and CAVR and must be continued. Concerning CAMR, the company has halted its capital purchases for the project and only seeks to recover the O&M costs associated with utilizing the previously purchased monitoring equipment to establish a mercury emissions baseline needed for eventual CAMR regulation. (Witness: Bryant, Carpinone)

**F. STIPULATED ISSUES**

**TECO:** None at this time.

**G. MOTIONS**

**TECO:** None at this time.

**H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY**

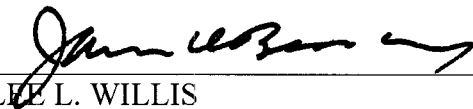
**TECO:** None at this time.

**I. OTHER MATTERS**

**TECO:** None at this time.

DATED this 3<sup>rd</sup> day of October 2008.

Respectfully submitted,



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LEE L. WILLIS  
JAMES D. BEASLEY  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company has been furnished by hand delivery (\*) or U. S. Mail on this 3<sup>rd</sup> day of October 2008 to the following:

Ms. Martha Carter Brown\*  
Senior Attorney  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Room 301H – Gunter Building  
Tallahassee, FL 32399-0850

Ms. Patricia Christensen  
Associate Public Counsel  
Office of Public Counsel  
111 West Madison Street – Suite 812  
Tallahassee, FL 32399-1400

Mr. John W. McWhirter, Jr.  
McWhirter Reeves & Davidson, P.A.  
Post Office Box 3350  
Tampa, FL 33601-3350

Mr. John T. Butler  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408-0420

Mr. Wade Litchfield  
Florida Power & Light Company  
215 South Monroe Street, Suite 810  
Tallahassee, FL 32301-1859

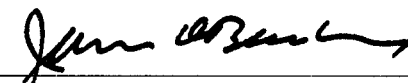
Mr. Gary V. Perko  
Hopping Green & Sams, P.A.  
Post Office Box 6526  
Tallahassee, FL 32314

Mr. John T. Burnett  
Associate General Counsel - Florida  
Mr. R. Alexander Glenn  
Deputy General Counsel - Florida  
Progress Energy Service Co., LLC  
Post Office Box 14042  
St. Petersburg, FL 33733

Mr. Paul Lewis, Jr.  
Progress Energy Florida, Inc.  
106 East College Avenue, Suite 800  
Tallahassee, FL 32301-7740

Ms. Susan Ritenour  
Secretary and Treasurer  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520

Mr. Jeffrey A. Stone  
Mr. Russell A. Badders  
Mr. Steven R. Griffin  
Beggs and Lane  
Post Office Box 12950  
Pensacola, FL 32591-2950

  
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ATTORNEY