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COMMISSION
CLERK

January 3, 2012

HAND DELIVERED

Ms. Lisa C. Bennett
Senior Attorney
Office of General Counsel
Florida Public Service Commission
Room 335C-3 – Gerald L. Gunter Bldg.
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

120001-EI

Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor; FPSC Docket No. 110001-EI

Dear Ms. Bennett:

I am writing on behalf of Tampa Electric Company to inform the Commission and the parties to this docket that Tampa Electric is pursuing measures to reduce the delivered price, or input price, of fossil fuel at its Polk Power Station. The auxiliary boilers and certain furnaces at Polk Power Station are currently fired with fuel oil and propane. Given the current and projected differential between the cost of fuel oil and propane and the cost of natural gas, the company has concluded that it can convert these facilities to burn natural gas and thereby achieve fossil fuel cost savings that significantly exceed the cost of converting this equipment.

Tampa Electric estimates that its capital cost of converting these auxiliary boilers and furnaces to burn natural gas will be approximately \$1,700,000. Based on its analysis of the current and projected Btu unit costs of fuel oil, propane and natural gas, the company calculates that the conversion to burn natural gas will save approximately \$6,200,000 (present value) over the next 5 years. This effort will result in significant fuel cost savings through a lowering of the delivered price, or input price, of fossil fuel used to fire the affected plant equipment.

Tampa Electric is proceeding with the oil and propane to natural gas conversion in an effort to achieve these reduced fossil fuel prices for the benefit of its customers. In accordance with Commission Order No. 14546, issued on July 8, 1985 in Docket No. 850001-EI-B and subsequent Commission precedent, Tampa Electric plans to request recovery of the capital cost of this conversion through the fuel adjustment clause in the next available fuel and purchased

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power cost recovery proceeding scheduled for November 2012. The company will update the Commission and the parties on the status of this project in the true-up and projection testimonies it will file in advance of that proceeding.

Sincerely,



James D. Beasley

JDB/pp

cc: All Parties of Record
Ann Cole, Commission Clerk ✓