

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

12 SEP 12 AM 11:39

RECEIVED-FPSC

COMMISSION  
CLERK

---

**DATE:** September 12, 2012  
**TO:** Ann Cole, Commission Clerk, Office of Commission Clerk  
**FROM:** Charles Murphy, Senior Attorney, Office of the General Counsel  
**RE:** Docket Number 110262-EI - Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company

---

Please place the attached Worksheet for Conveyor and Dome Scenarios and related email in the above-referenced docket file.

CWM/tef

DOCUMENT NUMBER-DATE

06135 SEP 12 12

FPSC-COMMISSION CLERK

**Charles Murphy**


---

**From:** Jenny Wu  
**Sent:** Wednesday, September 12, 2012 9:20 AM  
**To:** Charles Murphy  
**Subject:** FW: New gypsum storage facility  
**Attachments:** Worksheet for Conveyor and Dome Scenarios.xlsx

Charles,

You may want to place it in the docket No. 110262-EI.

Thanks, Jenny

---

**From:** Bryant, Howard T. [mailto:htbryant@tecoenergy.com]  
**Sent:** Wednesday, September 12, 2012 8:59 AM  
**To:** David Dowds  
**Cc:** Jenny Wu; Beasley, Jim  
**Subject:** RE: New gypsum storage facility

Dave,

Please see attached file which contains tabs for the conveyor and dome options. At first glance, prior to review of the worksheets, it would seem as you think, namely, the levelized revenue requirement for the conveyor should be greater than the dome simply based upon the capital cost. However, two key differences exist and drive the evaluation. These are provided below.

1. The dome evaluation has a higher O&M cost due to the increased transportation cost of moving product from its production point to the storage point.
2. The conveyor option has an estimated transportation savings (NPV of \$16,968,136) associated with the fact that the conveyor will mechanically deliver gypsum production to a point within close proximity to National Gypsum and make the cost of their "pick-up" of material favorable to the point that an anticipated cost saving will inure to Tampa Electric through a contract arrangement reflecting the reduced cost of product delivery experienced by National Gypsum. Simply stated, National Gypsum would not incur their current delivery costs and those cost savings would then be anticipated for receipt to Tampa Electric through a contract arrangement.

In other words, for the dome option, National Gypsum will receive product in the same manner currently used, namely, they use their trucks to come to the production site and pick up their gypsum purchases. In the conveyor option, no one uses trucks to move the product. It is conveyed to the new storage area, located adjacent to National Gypsum thereby creating the transportation savings estimated in the conveyor analysis.

If you have further questions, please let me know. Thanks, Howard

---

**From:** David Dowds [mailto:DDowds@PSC.STATE.FL.US]  
**Sent:** Tuesday, September 11, 2012 7:03 AM  
**To:** Bryant, Howard T.  
**Cc:** Jenny Wu  
**Subject:** New gypsum storage facility

I know we discussed this but I am still struggling with one aspect of your response to Staff's Sixth Data

DOCUMENT NUMBER - DATE

06135 SEP 12 02

9/12/2012

FPSC-COMMISSION CLERK

Request, No. 13.

On page 6 of the responses to the Sixth Request, it indicates that the estimated cost of the conveyor system is \$24,057,000, and the estimated cost of the dome is \$4,690,000. On page 13 it indicates that the levelized revenue requirement of the reduced scope storage facility with the conveyor system is \$3,066,032 per year; the reduced scope storage facility with the dome is shown to be \$3,089,770. Since the cost of the conveyor system is 5 times that of the dome, I cannot understand how the levelized revenue requirement of the dome can be greater than that of the conveyor system. Could we see the actual work papers that support these amounts? Perhaps there is something that we are missing.

Dave Dowds  
Supervisor, Industry Development, Industry Development & Market Analysis Division  
Florida Public Service Commission  
(850)413-6542  
[ddowds@psc.state.fl.us](mailto:ddowds@psc.state.fl.us)

---

NOTICE: This email is intended only for the individual(s) to whom it is addressed and may contain confidential information. If you have received this email by mistake, please notify the sender immediately, delete this email from your system and do not copy or disclose it to anyone else. Although we take precautions to protect against viruses, we advise you to take your own precautions to protect against viruses as we accept no liability for any which remain.

9/12/2012

Reduced Scope with Conveyor

Year	Capital	O&M	Transportation		Gypsum		Total
			Savings	Sub-Total	Revenue		
2012		\$0	\$8,949,690	\$0	\$8,949,690	\$2,441,226	\$6,508,465
2013		\$0	\$74,961	\$0	\$74,961	\$2,890,079	(\$2,815,118)
2014		\$0	\$1,884,606	\$0	\$1,884,606	\$3,119,071	(\$1,234,465)
2015	\$8,844,717	\$755,002	\$1,159,131	\$8,440,588	\$3,397,653		\$5,042,935
2016	\$8,639,448	\$837,481	\$1,393,685	\$8,083,245	\$3,789,196		\$4,294,049
2017	\$8,434,178	\$941,532	\$1,566,780	\$7,808,929	\$4,030,006		\$3,778,924
2018	\$8,228,910	\$1,047,070	\$1,601,249	\$7,674,731	\$4,118,775		\$3,555,956
2019	\$8,023,640	\$1,063,750	\$1,636,477	\$7,450,913	\$4,210,743		\$3,240,170
2020	\$7,818,370	\$1,080,949	\$1,672,479	\$7,226,839	\$4,305,130		\$2,921,709
2021	\$7,613,100	\$1,099,525	\$1,709,274	\$7,003,351	\$3,314,141		\$3,689,211
2022	\$7,407,831	\$1,117,721	\$1,746,878	\$6,778,674	\$3,387,086		\$3,391,589
2023	\$7,202,561	\$1,134,951	\$1,785,309	\$6,552,203	\$3,460,397		\$3,091,807
2024	\$6,997,293	\$1,153,734	\$1,824,586	\$6,326,441	\$3,538,371		\$2,788,070
2025	\$6,792,023	\$1,172,130	\$1,864,727	\$6,099,426	\$3,615,982		\$2,483,444
2026	\$6,586,753	\$1,190,960	\$1,905,751	\$5,871,962	\$3,695,377		\$2,176,586
2027	\$6,381,483	\$1,210,939	\$1,947,677	\$5,644,745	\$3,776,165		\$1,868,580
2028	\$6,176,214	\$1,231,206	\$1,990,526	\$5,416,894	\$3,860,648		\$1,556,246
2029	\$5,970,945	\$6,729,712	\$2,034,318	\$10,666,339	\$3,945,291		\$6,721,049
2030	\$5,765,676	\$10,463,007	\$2,079,073	\$14,149,610	\$4,031,951		\$10,117,659
2031	\$5,560,406	\$10,509,143	\$2,124,813	\$13,944,736	\$4,119,453		\$9,825,284
2032	\$5,355,136	\$10,964,869	\$2,171,558	\$14,148,447	\$4,211,643		\$9,936,804
2033	\$5,149,866	\$11,221,355	\$2,219,333	\$14,151,888	\$4,304,448		\$9,847,439
2034	\$4,944,596	\$11,425,904	\$2,268,158	\$14,102,342	\$4,398,908		\$9,703,434
2035	\$4,739,329	\$8,306,258	\$2,318,057	\$10,727,530	\$4,472,976		\$6,254,554
2036	\$4,534,059	\$1,376,489	\$2,289,976	\$3,620,572	\$4,514,690		(\$894,118)
2037	\$4,328,789	\$1,399,712	\$2,337,903	\$3,390,598	\$4,613,739		(\$1,223,141)
2038	\$4,123,519	\$1,402,520	\$1,879,341	\$3,646,697	\$4,658,293		(\$1,011,596)
2039	\$3,918,249	\$1,413,392	\$1,617,760	\$3,713,881	\$4,726,949		(\$1,013,068)
2040	\$3,712,980	\$1,438,843	\$1,684,313	\$3,467,511	\$4,834,399		(\$1,366,889)
2041	\$3,507,712	\$1,445,176	\$1,294,138	\$3,658,751	\$4,893,050		(\$1,234,299)
2042	\$3,302,442	\$1,457,821	\$1,018,809	\$3,741,454	\$4,966,774		(\$1,225,320)
2043	\$3,097,172	\$1,482,896	\$1,041,113	\$3,538,956	\$5,076,031		(\$1,537,076)
2044	\$2,891,902	\$1,508,634	\$1,066,478	\$3,334,058	\$4,404,136		(\$1,070,078)
2045	\$2,686,632	\$1,329,022	\$1,088,012	\$2,927,642	\$2,438,904		\$488,738
2046	\$2,481,363	\$1,351,207	\$1,110,953	\$2,721,618	\$2,490,340		\$231,278
2047	\$2,276,095	\$1,373,938	\$1,135,749	\$2,514,284	\$2,545,935		(\$31,651)
2048	\$2,070,825	\$1,398,156	\$1,163,800	\$2,305,181	\$2,608,833		(\$303,652)
2049	\$1,865,555	\$1,421,748	\$1,186,203	\$2,101,099	\$2,659,063		(\$557,963)
<b>NPV</b>	<b>\$67,810,167</b>	<b>\$34,823,802</b>	<b>\$16,968,136</b>	<b>\$85,665,833</b>	<b>\$46,571,625</b>		<b>\$39,094,208</b>

Reduced Scope with Dome

Year	Capital	O&M	Sub-Total	Gypsum Revenue	Total
2012	\$0	\$8,949,690	\$8,949,690	\$2,441,226	\$6,508,465
2013	\$0	\$74,961	\$74,961	\$2,890,079	(\$2,815,118)
2014	\$5,631,719	\$2,102,747	\$7,734,466	\$3,119,071	\$4,615,394
2015	\$5,503,981	\$1,449,968	\$6,953,949	\$3,397,653	\$3,556,296
2016	\$5,376,244	\$1,333,663	\$6,709,907	\$3,789,196	\$2,920,712
2017	\$5,248,508	\$1,352,498	\$6,601,006	\$4,030,006	\$2,571,000
2018	\$5,120,769	\$1,394,880	\$6,515,649	\$4,118,775	\$2,396,874
2019	\$4,993,033	\$1,425,068	\$6,418,101	\$4,210,743	\$2,207,357
2020	\$4,865,296	\$1,456,072	\$6,321,368	\$4,305,130	\$2,016,237
2021	\$4,737,559	\$1,441,230	\$6,178,789	\$3,314,141	\$2,864,648
2022	\$4,609,821	\$1,472,297	\$6,082,118	\$3,387,086	\$2,695,032
2023	\$4,482,084	\$1,494,750	\$5,976,834	\$3,460,397	\$2,516,437
2024	\$4,354,348	\$1,540,262	\$5,894,610	\$3,538,371	\$2,356,239
2025	\$4,226,610	\$1,571,401	\$5,798,011	\$3,615,982	\$2,182,029
2026	\$4,098,872	\$1,603,786	\$5,702,658	\$3,695,377	\$2,007,282
2027	\$3,971,136	\$1,634,402	\$5,605,538	\$3,776,165	\$1,829,373
2028	\$3,843,399	\$1,679,744	\$5,523,143	\$3,860,648	\$1,662,495
2029	\$3,715,662	\$7,191,961	\$10,907,623	\$3,945,291	\$6,962,333
2030	\$3,587,924	\$10,940,360	\$14,528,284	\$4,031,951	\$10,496,333
2031	\$3,460,187	\$10,993,722	\$14,453,909	\$4,119,453	\$10,334,457
2032	\$3,332,450	\$11,476,967	\$14,809,417	\$4,211,643	\$10,597,775
2033	\$3,204,713	\$11,751,674	\$14,956,387	\$4,304,448	\$10,651,938
2034	\$3,076,976	\$11,972,121	\$15,049,097	\$4,398,908	\$10,650,190
2035	\$2,949,238	\$8,710,433	\$11,659,671	\$4,472,976	\$7,186,696
2036	\$2,821,502	\$1,459,417	\$4,280,919	\$4,514,690	(\$233,771)
2037	\$2,693,764	\$1,490,387	\$4,184,151	\$4,613,739	(\$429,588)
2038	\$2,566,027	\$1,500,369	\$4,066,396	\$4,658,293	(\$591,897)
2039	\$2,438,290	\$1,519,332	\$3,957,622	\$4,726,949	(\$769,327)
2040	\$2,310,553	\$1,553,052	\$3,863,605	\$4,834,399	(\$970,794)
2041	\$2,182,816	\$1,567,836	\$3,750,652	\$4,893,050	(\$1,142,398)
2042	\$2,055,078	\$1,588,375	\$3,643,453	\$4,966,774	(\$1,323,321)
2043	\$1,927,342	\$1,622,277	\$3,549,619	\$5,076,031	(\$1,526,413)
2044	\$1,799,605	\$1,657,035	\$3,456,640	\$4,404,136	(\$947,497)
2045	\$1,671,867	\$1,485,901	\$3,157,768	\$2,438,904	\$718,864
2046	\$1,544,129	\$1,517,508	\$3,061,637	\$2,490,340	\$571,297
2047	\$1,416,393	\$1,549,868	\$2,966,261	\$2,545,935	\$420,326
2048	\$1,288,657	\$1,583,185	\$2,871,842	\$2,608,833	\$263,009
2049	\$1,160,918	\$1,616,834	\$2,777,752	\$2,659,063	\$118,690
<b>NPV</b>	<b>\$47,024,115</b>	<b>\$38,944,396</b>	<b>\$85,968,511</b>	<b>\$46,571,625</b>	<b>\$39,396,886</b>