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November 14, 2012

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

Re: Tampa Electric Company's Petition to Determine Need for Polk 2-5 Combined  
Cycle Conversion; FPSC Docket No. 120234-EI

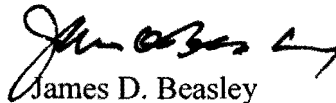
Dear Ms. Cole:

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

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  
Enclosure

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APA	___
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to determine need for )  
Polk 2-5 combined cycle conversion )  
by Tampa Electric Company. )  
\_\_\_\_\_ )

DOCKET NO. 120234-EI

FILED: November 14, 2012

**TAMPA ELECTRIC COMPANY'S  
PREHEARING STATEMENT**

**A. APPEARANCES:**

JAMES D. BEASLEY  
J. JEFFRY WAHLEN  
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. Mark J. Hornick (TECO)	Introduction and support of Tampa Electric's request for an affirmative Determination of need for proposed Polk Unit 2-5 and associated facilities  Description of engineering and construction of proposed Polk 2-5, proposed unit's operating characteristics, construction schedule and development of reasonable and prudent project cost estimates	1,3,4,5,6
2. Lorraine L. Cifuentes (TECO)	Description of Tampa Electric's load forecasting process used in Tampa Electric's proposed Polk 2-5 Need Study; appropriateness and reasonableness of Tampa Electric's load forecasts	1,2,3,5,6

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FPSC-COMMISSION CLERK

- |    |                             |   |             |
|----|-----------------------------|---|-------------|
| 3. | Howard T. Bryant<br>(TECO)  | Description of Tampa Electric's historical and current demand side management ("DSM") programs and initiatives; process used by Tampa Electric in setting DSM goals; Tampa Electric's renewable energy initiatives; inability of Tampa Electric's comprehensive DSM program offerings to eliminate the 2017 capacity need   | 1,2,3,5,6   |
| 4. | J. Brent Caldwell<br>(TECO) | Description of Tampa Electric's fuel procurement and delivery strategy for proposed Polk 2-5, fuel forecasts, the reasonableness of the forecast for use in the Polk 2-5 analysis; fuel procurements and delivery strategy for Polk 2-5; description of Tampa Electric's market solicitation for reliable and cost-effective purchased power alternatives in lieu of building Polk 2-5                          | 1,3,4,5,6   |
| 5. | David M. Lukcic<br>(TECO)   | Environmental benefits of proposed Polk 2-5 over other alternatives Tampa Electric considered; environmental requirements and permits necessary; and the benefits of natural gas combined cycle ("NGCC") technology to meet or surpass environmental requirements   | 1,3,4,5,6   |
| 6. | S. Beth Young<br>(TECO)     | Description of cost-effective transmission plan for interconnection of proposed Polk 2-5, transmission evaluation process, estimated costs and construction schedule of transmission facilities required to interconnect and integrate proposed Polk 2-5 into Tampa Electric's system   | 1,3,5,6     |
| 7. | R. James Rocha<br>(TECO)    | Description of integrated resource planning process and resulting plans supporting the need for proposed Polk 2-5 existing system and resource mix, cost-effectiveness of Polk 2-5, the need for additional resources for the Florida Reliability Coordinating Council ("FRCC") region, the results of the request for proposals ("RFP") analysis and adverse consequences if the project is deferred or denied | 1,2,3,4,5,6 |

8.	Alan S. Taylor (TECO)	Description of Tampa Electric's 2012 competitive power supply solicitation and the reasonableness of that solicitation	1,3,4,5,6
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**C. EXHIBITS:**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>          </u> (MJH-1)	Hornick	Polk site aerial photograph, process diagram, project schedule and cost estimate
<u>          </u> (LLC-1)	Cifuentes	Data supporting Tampa Electric's load forecasting process, methodologies and assumptions and load forecasts
<u>          </u> (HTB-1)	Bryant	DSM programs and goals and 2010-2019 DSM goals accomplishments
<u>          </u> (JBC-1)	Caldwell	Fuel price forecast and fuel price forecast range compared to independent forecasts
<u>          </u> (SBY-1)	Young	Polk 2-5 interconnection and integration diagrams; summary of required facilities, ratings and costs and FRCC letter confirming the reliability of the interconnection and integration plan
<u>          </u> (RJR-1)	Rocha	Energy and capacity mix by fuel type, levelized cost screening curves, Tampa Electric and FRCC reliability analyses and sensitivities, planning analyses and supporting documentation, RFP supporting documents, and June 2012 assumptions update
<u>          </u> (AST-1)	Taylor	Résumé of Alan Taylor and Sedway Consulting's independent evaluation report

**D. STATEMENT OF BASIC POSITION**

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

The Commission should approve the need for Tampa Electric's proposed Polk 2-5, a combined cycle conversion project utilizing existing Polk combustion turbine ("CT") Units 2 through 5 and the addition of four heat recovery steam generators ("HRSGs") and a single steam turbine, with incremental net capacity of 339 MW and 352 MW summer and winter, respectively, increasing

to 463 MW (winter) and 459 MW (summer) with supplemental firing, to meet the projected need for additional generating capacity on Tampa Electric's system in 2017. Polk 2-5 will provide Tampa Electric's customers the economic benefits of a highly efficient waste heat recovery based electrical generating system. This project is the most cost-effective means of meeting Tampa Electric's future capacity needs, will increase the company's overall system-wide efficiency and will provide fuel savings to customers. Polk 2-5 will also provide improvements in fuel diversity and reliability along with the environmental benefits of proven NGCC technology. The Commission should also find that Tampa Electric has undertaken all conservation measures reasonably available to Tampa Electric which might mitigate the need for the new plant. Even after Tampa Electric's ambitious DSM and renewable energy efforts and achievements are factored into the analysis, Tampa Electric, nevertheless, will need the planned output of Polk 2-5, together with the project's associated facilities, in order to meet its customers' demand and energy requirements by 2017.

#### **E. STATEMENT OF ISSUES AND POSITIONS**

**Issue 1:** Is there a need for the proposed Polk 2-5 Combined Cycle Conversion, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?

**TECO:** Yes. Polk 2-5 is needed to maintain electric system reliability and integrity as this criterion is used in Section 403.519(3), Florida Statutes. After taking into account existing power plant unit capacity, firm purchased power agreements, and demand side management (DSM) and renewable energy alternatives, Tampa Electric requires an addition of approximately 294 MW of capacity to maintain Tampa Electric's system reliability requirements by 2017. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 2: Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Tampa Electric Company which might mitigate the need for the proposed Polk 2-5 Combined Cycle Conversion?

TECO: No. Tampa Electric has long been a leader in the field of DSM going back to 1981 and continues to promote new and modified programs to maximize cost-effective conservation and load management to reduce load requirements and encourage conservation. However, even factoring in these efforts and the results they have achieved into the analysis, Polk 2-5 is needed to serve the needs of Tampa Electric customers beginning in 2017. Tampa Electric's conservation programs incorporate all measures reasonably available.  
(Witnesses: Rocha, Cifuentes, Bryant)

Issue 3: Is there a need for the proposed Polk 2-5 Combined Cycle Conversion, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?

TECO: Yes. Polk 2-5 is needed to ensure an adequate supply of electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes. Polk 2-5 will enable Tampa Electric to meet the projected demand and energy requirements of its customers at a cost less than any available alternative. Savings will be achieved primarily due to the fact that Polk 2-5 will take advantage of waste heat from the operation of existing CTs at Polk Power Station to generate incremental power. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 4: Is there a need for the proposed Polk 2-5 Combined Cycle Conversion, taking into account the need for fuel diversity, as this criterion is used in Section 403.519(3), Florida Statutes?

TECO: Yes. Polk 2-5 is not only the most cost-effective alternative, but has been designed to provide highly reliable capacity by capturing waste heat (from existing CTs) and includes additional output available from supplemental firing of the new HRSGs. Fuel diversity will be improved by creating additional output from dual fueled units (PK2&3) and by

providing for the addition of solar thermal energy input. (Witnesses: Hornick, Rocha, Caldwell, Taylor, Lukcic)

Issue 5: Will the proposed Polk 2-5 Combined Cycle Conversion provide the most cost-effective source of power as this criterion is used in Section 403.519(3), Florida Statutes?

TECO: Yes. Polk 2-5 is the most cost-effective alternative available as this criterion is used in Section 403.519(3), Florida Statutes. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 6: Based on the resolution of the foregoing issues, should the Commission grant Tampa Electric Company's petition to determine the need for the proposed Polk 2-5 Combined Cycle Conversion?

TECO: Yes. Based on Tampa Electric's analysis of the facts bearing on a resolution of the foregoing issues, the Commission should grant Tampa Electric's petition to determine the need for Polk 2-5, together with its associated facilities. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 7: Should this docket be closed?

TECO: Yes. Once a final order is issued and any appeal thereof is waived or resolved, this docket should be closed. (Witnesses: None necessary.)

#### **F. STIPULATED ISSUES**

TECO: None at this time.

#### **G. PENDING MOTIONS**

TECO: Motions for temporary protective orders (See Section H, below)

#### **H. PENDING CONFIDENTIALITY REQUESTS**

TECO:

Document No. 07114-12 - TECO's Answers to Staff's First Production of Documents  
(Nos. 2 and 6)

Document No. 07210-12 -TECO's Answers to Staff's Second Set of Interrogatories (No. 50, Bates pp. 73A and 73B) NOTE: This is a substitute for the initial filing on October 23, 2012

Document No. 07212-12 - TECO's Response to Staff's Second Request for Production of Documents (No. 20, all on CD) and Bates pages 997, 999, 1000, 1055, 1057 and 1058

**I. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

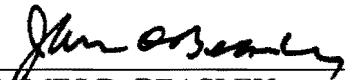
TECO: Tampa Electric is not aware of any requirement in the Commission's September 26, 2012 Order Establishing Procedure that cannot be complied with.

**J. OTHER MATTERS**

TECO: None at this time.

DATED this 14<sup>th</sup> day of November 2012.

Respectfully submitted,

  
\_\_\_\_\_  
JAMES D. BEASLEY  
J. JEFFRY WAHLEN  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
(850) 224-9115

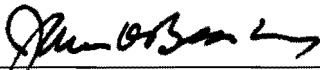
ATTORNEYS FOR TAMPA ELECTRIC COMPANY



**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 U. S. Mail or hand delivery (\*) on this 14<sup>th</sup> day of November 2012 to the following:

Ms. Pauline Robinson\*  
Attorney, Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

  
\_\_\_\_\_  
ATTORNEY