

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.

DOCKET NO. 160027-EI
ORDER NO. PSC-16-0248-PAA-EI
ISSUED: June 28, 2016

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
LISA POLAK EDGAR
ART GRAHAM
RONALD A. BRISÉ
JIMMY PATRONIS

NOTICE OF PROPOSED AGENCY ACTION ORDER
APPROVING
TAMPA ELECTRIC COMPANY'S BIG BEND STATION
EFFLUENT LIMITATIONS GUIDELINES COMPLIANCE STUDY
PROGRAM

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Case Background

On November 3, 2015, the Environmental Protection Agency (EPA) published its final rule titled Steam Electric Power Generating Effluent Limitations Guidelines (ELG).¹ The ELG establishes limits for wastewater discharges from flue gas desulfurization processes, fly ash and bottom ash transport water, leachate from ponds and landfills containing coal combustion residuals, gasification processes, and flue gas mercury controls. The monthly averages and daily maximums will be exceeded under current processes at the Big Bend Station for arsenic, mercury and selenium. The effective date of the rule was January 4, 2016.

On February 2, 2016, Tampa Electric Company (TECO or Company) petitioned the Florida Public Service Commission (Commission) to approve the Big Bend Station Effluent Limitations Guidelines Compliance Study Program (Big Bend ELG Study Program) for cost recovery through the Environmental Cost Recovery Clause (ECRC). The Company intends to file for ELG cost recovery at their Polk Station at a later date.

¹80 Fed. Reg. 67,838, 67,893 (Nov. 3, 2015) (to be codified at 40 CFR Part 423).

By Section 366.8255, Florida Statutes (F.S.), the Florida Legislature authorized the recovery of prudently incurred environmental compliance costs through the ECRC. The method for cost recovery of such costs was first established by Order No. PSC-94-0044-FOF-EI, issued on January 12, 1994.² We have jurisdiction over this matter pursuant to Section 366.8255, F.S.

Review and Decision

The EPA’s ELG rule establishes limits for wastewater discharges from flue gas desulfurization processes, fly ash and bottom ash transport water, leachate from ponds and landfills containing coal combustion residuals, gasification processes, and flue gas mercury controls.³ TECO’s facilities, including four coal-fired steam electric power generating units equipped with a flue gas desulfurization system located at the Big Bend Station, are affected by the ELG. The generating units’ treatment system will need to be modified or replaced in order to achieve compliance with the new EPA regulations. The Company is proposing the Big Bend ELG Study Program to determine the most appropriate ELG compliance measures for the Big Bend Station. The measures selected to achieve ELG compliance will be the subject of a follow-up petition after completion of the Big Bend ELG Study Program.

The activities planned by TECO for the Big Bend ELG Study Program include expenditures in 2016 to 2017. The expected scope of work for the study includes data review, site visits, design development, and technological evaluations including a conceptual design of selected alternatives. The estimated amounts for the Big Bend ELG Study Program are set forth below.

Estimated Expenditures for Big Bend ELG Study Program

	Year	O&M Costs(\$)
Phase 1	2016	100,000
Phase 2	2017	300,000

TECO provided high level cost estimates based on experiences with previous studies and environmental compliance project management. The Company currently does not have a breakdown of the component activities. The table below reflects the estimated residential customer bill impacts resulting from the Big Bend ELG Study Program.

Estimated Residential Customer Bill Impacts

Year	¢/1,000 kWh	¢/ 1,200 kWh
2017	2.126	2.551
2018	0.000	0.000
2019	0.000	0.000

²See Order No. PSC-94-0044-FOF-EI issued January 12, 1994, in Docket No. 930613-EI, *In re: Petition to establish an environmental cost recovery clause pursuant to Section 366.0825, Florida Statutes by Gulf Power Company.*

³80 Fed. Reg. 67,838, 67,893 (Nov. 3, 2015) (to be codified at 40 CFR Part 423).

We find that the proposed Big Bend ELG Study Program is necessary for compliance with the EPA's ELG rule. The criteria for ECRC recovery relevant to this docket, established by Order No. PSC-94-0044-FOF-EI, are:

- (1) The activities are legally required to comply with governmentally imposed environmental regulation enacted, became effective, or whose effect was triggered after the company's last test year upon which rates are based; and
- (2) None of the expenditures are being recovered through some other cost recovery mechanisms or through base rates.

The activities proposed in TECO's petition meet these criteria because they are essential projects that would not be necessary but for TECO's obligation to comply with a government-imposed environmental regulation. The need for these compliance activities was triggered after TECO's last test year upon which rates are currently based⁴ and the costs of the proposed compliance study activities are not currently being recovered through some other cost recovery mechanisms or through base rates.

Upon review, we approve TECO's proposed Big Bend ELG Study Program for cost recovery through the ECRC. The O&M costs associated with this new environmental program shall be allocated to rate classes based on energy basis. The reasonableness and prudence of the individual expenditures related to TECO's Big Bend ELG Study Program will continue to be subject to our review in future ECRC proceedings.

Based on the foregoing, it is

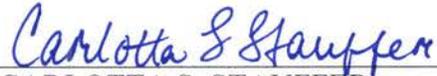
ORDERED by the Florida Public Service Commission that Tampa Electric Company's proposed Big Bend Station Effluent Limitations Guidelines Compliance Study Program is hereby approved for cost recovery through the Environmental Cost Recovery Clause. It is further,

ORDERED that O&M costs associated with this new environmental program shall be allocated to rate classes on an energy basis. It is further,

ORDERED that this docket shall be closed upon issuance of a Consummating Order, unless a person whose substantial interests are affected by our decision files a protest within 21 days of the issuance of this Proposed Agency action Order.

⁴See Order No. PSC-13-0443-FOF-EI issued September 20, 2013, in Docket 130040-EI, *In re: Petition for rate increase by Tampa Electric Company*.

By ORDER of the Florida Public Service Commission this 28th day of June, 2016.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 19, 2016.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.