

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of TAMPA)	DOCKET NO. 910883-EI
ELECTRIC COMPANY for a)	ORDER NO. 25454
determination of need for a)	ISSUED: 12/9/91
proposed electrical power plant)	
and related facilities.)	
)	

Pursuant to Notice, a Prehearing Conference was held on Wednesday, November 20, 1991, in Tallahassee, Florida, before Commissioner Michael McK. Wilson, Prehearing Officer. The prehearing conference was reconvened on Monday, December 9, 1991 before Commissioner Susan F. Clark, prehearing officer, to consider discovery and other preliminary issues.

A. APPEARANCES:

LEE L. WILLIS, Esquire and JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee, Carothers and Proctor, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company.

RICHARD A. ZAMBO, Esquire, Richard A. Zambo, P.A., 598 S.W. Hidden River Avenue, Palm City, Florida 34990.
On behalf of the Florida Industrial Cogeneration Association.

PAUL SEXTON, Esquire, Richard A. Zambo, P.A., 2544 Blairstone Pines Drive, Tallahassee, Florida 32301.
On behalf of Florida Industrial Cogeneration Association.

TERRY R. BLACK, Esquire, Pace University Energy Project, Center for Environmental Legal Studies, 78 N. Broadway, White Plains, New York 10603
On behalf of Floridians for Responsible Utility Growth.

MARTHA C. BROWN, Esquire, 101 East Gaines Street, Suite 216, Tallahassee, Florida 32399-0863
On behalf of the Commission Staff.

PRENTICE PRUITT, Esquire, the Office of the General Counsel, 101 East Gaines Street, Suite 212, Tallahassee, Florida 32399-0861
Counsel to the Commissioners.

DOCUMENT NUMBER-DATE

12144 DEC -9 1991

FPSC-RECORDS/REPORTING

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 2

PREHEARING ORDER

Background

On September 5, 1991, Tampa Electric Company (TECO) filed with the Commission its Petition for Determination of Need for a proposed electrical power plant and related facilities at a site located in southwestern Polk County, Florida. In its Petition TECO requested that the Commission determine the need for the construction of a 220 MW integrated gasification combined cycle unit (IGCC) and associated facilities to be placed in service on a phased in basis in 1995 and 1996. The IGCC will consist of a 150 MW advanced combustion turbine to come on line in mid-year 1995, followed by a heat recovery steam generator (HRSG), steam turbine, and coal gasifier to come on line in mid-year 1996. The project will be funded in part with \$120 million from the United States Department of Energy to demonstrate advances in clean coal technology. Facilities attendant to the construction of the proposed plant may include transmission lines located in Polk County, a natural gas lateral to the Florida Gas Transmission pipeline which runs on the west side of State Road 37 adjacent to the proposed power plant site, and an oil pipeline lateral from the proposed plant site to the GATX oil pipeline that is under construction adjacent to the plant site.

The Florida Industrial Cogenerator's Association (FICA) and the Floridians for Responsible Utility Growth (FRG) have been granted leave to intervene in this proceeding. FICA withdrew its intervention in this proceeding at the continuation of the prehearing conference held on December 9, 1991.

FICA filed several motions in this docket which were addressed and disposed of by the prehearing officer in Order No. 25224. That order granted intervention, granted partial extension of time to file testimony, denied FICA's motion regarding discovery. FICA petitioned the Commission panel to reconsider the prehearing officer's decision on its motion to extend the time to file testimony and its motion regarding discovery. That petition was denied by the panel at the December 3, 1991 Agenda Conference. FRG filed a motion for continuance of the hearing, which was also denied by the panel at that time.

General Matters

The substantive aspects of this proceeding are governed by Section 403.519, Florida Statutes. The procedural aspects of the case are governed by the provisions of Chapter 120, Florida Statutes, and Chapter 25-22, Florida Administrative Code.

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 3

Section 403.519 states that the Florida Public Service Commission shall be the sole forum for the determination of need for electrical power plants and related facilities,

. . . which accordingly shall not be raised in any other forum or in the review of proceedings in such other forum. In making its determination, the commission shall take into account the need for electric system reliability and integrity, the need for adequate electricity at a reasonable cost, and whether the proposed plant is the most cost-effective alternative available. The commission shall also expressly consider the conservation measures taken by or reasonably available to the applicant or its members which might mitigate the need for the proposed plant, and other matters within its jurisdiction which it deems relevant.

Only issues relating to the need for the proposed power plant as prescribed by section 403.519, Florida Statutes will be heard in this proceeding. Separate public hearings will be held by the Department of Environmental Regulation before the Division of Administrative Hearings to consider environmental and other impacts of the proposed plant and associated facilities. The substantive and procedural issues of the case, as set forth in this prehearing order, will be framed accordingly. Members of the public have been invited to attend and participate in this hearing. Their appearance will be governed by the provisions of Rule 25-22.046, Florida Administrative Code, which provides that the presiding officer at the hearing will set fair and reasonable conditions on such appearances.

Discovery Matters

The following schedule will govern all remaining discovery and other preliminary matters in this case:

November 25 - Intervenors will inform the company if any further discovery is required, and make appropriate arrangements, if necessary;

December 4 - Discovery closes. Intervenors will inform the company and Commission staff whether they intend to file rebuttal testimony on the limited issues identified in the prehearing conference, including EPRI funding for TECO's project and the increased capacity of the proposed plant;

ORDER NO. 25454
 DOCKET NO. 910883-EI
 PAGE 4

December 6 - 12 noon - Intervenors will file rebuttal testimony and hand deliver or FAX copies to the company and Commission staff.

December 9 - The prehearing officer will be available to hear all remaining discovery disputes and preliminary motions, if necessary. All parties should bring discovery disputes to the prehearing officer's attention as soon as they arise.

Use of Prefiled Testimony

All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party desires to use any portion of a deposition or an interrogatory, at the time the party seeks to introduce that deposition or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions subject to the same conditions.

B. ORDER OF WITNESSES

In keeping with Commission practice, witnesses will be grouped by the subject matter of their testimony. The witness schedule is set forth below in order of appearance by the witness's name, subject matter, and the issues which will be covered by his or her testimony.

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUE</u>
<u>TECO</u>		
Girard F. Anderson	General description of need for the proposed power plant	3,4,7,26
John B. Ramil	Description of Tampa Electric's generation expansion needs and the	1,3,4,6,7, 12,13,14, 15,16,17,

ORDER NO. 25454
 DOCKET NO. 910883-EI
 PAGE 5

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUE</u>
	planning process; schedule require- ments for implementing the new generation unit additions; sponsorship of portions of the Polk Unit One Need Determination Study	18,19,20,21, 22,23,24, 25,26
Thomas W. Moore (STIPULATED)	Sponsorship and review of Tampa Electric's 1991-2000 peak demand and energy forecast; sponsorship of the inflation and financial assumptions used in developing the projected costs of Polk Unit One's construction and operation; sponsorship of portions of the Polk Unit One Need Determination Study	2,26
Hugh W. Smith	Overview of Tampa Electric's fuel forecast; address the prices and availability of various fuels considered; review of the fuel purchase plans for Polk Unit One; sponsorship of portions of the Polk Unit One Need Determination Study	6,8,9,10,11, 25,26
Gerard J. Kordecki	Description of Tampa Electric's conservation, load management and non-firm rate programs; the success of these programs in reducing peak demand and energy	16,26

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 6

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUE</u>
	usage, and increasing fixed plant utilization; description of the basis used for the evaluation of conservation and load management programs; sponsorship of portions of the Polk Unit One Need Determination Study	
Shahla S. Speck (STIPULATED)	Consistency of the proposed power plant with the needs of Peninsular Florida between 1995 and 1997	5,26
<u>FRG</u>		
Paul L. Chernick (STIPULATED)	The adequacy of Tampa Electric's integrated resource planning, use of conservation measures, and need for the proposed plant.	2,3,4,5,7,16, 21,26,28,29
<u>REBUTTAL</u>		
<u>TECO</u>		
Alfred E. Kahn (STIPULATED)	Rebuttal of the testimony of Paul L. Chernick	
G.J. Kordecki	Rebuttal of the testimony of Paul L. Chernick	
Thomas E. Bechtel	Rebuttal of the testimony of Paul L. Chernick	

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 7

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUE</u>
John B. Ramil	Revised Rebuttal of the testimony of Paul L. Chernick	
Lewis J. Perl	Rebuttal of the testimony of Paul L. Chernick	

C. EXHIBIT LIST

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(JBR-1)</u>	Ramil (TECO)	Tampa Electric Company Exhibit of John B. Ramil
<u>(TWM-1)</u> (STIPULATED)	Moore (TECO)	Tampa Electric Company Exhibit of Thomas W. Moore
<u>(GJK-1)</u>	Kordecki (TECO)	Tampa Electric Company Exhibit of Gerard J. Kordecki
<u>(HWS-1)</u>	Smith (TECO)	Tampa Electric Company Exhibit of Hugh W. Smith
<u>(TECO-1)</u>	Ramil, Moore, Kordecki, Smith (TECO)	Polk Unit 1 - Need determination study.
<u>(SSS-1)</u> (STIPULATED)	Speck (TECO)	Tampa Electric Company Exhibit of Shahla S. Speck

ORDER NO. 25454
 DOCKET NO. 910883-EI
 PAGE 8

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(PLC-1)</u> (STIPULATED)	Chernick (FRG)	Statement of Qualifications of Paul L. Chernick
<u>(PLC-2)</u> (STIPULATED)	Chernick (FRG)	TECO Planned Loads and Resources
<u>(PLC-3)</u> (STIPULATED)	Chernick (FRG)	TECO's Projected Electric Requirements & Conservation & Load Management Resources
<u>(PLC-4)</u> (STIPULATED)	Chernick (FRG)	Utility Expenditures on DSM, as Percent of Revenues
<u>(PLC-5)</u> (STIPULATED)	Chernick (FRG)	1991 DSM Savings as Percent of 1991 Peak and Sales
<u>(PLC-6)</u> (STIPULATED)	Chernick (FRG)	Cumulative and Total Demand & Energy Savings, as Percent of Growth and Peak & Sales
<u>(PLC-7)</u> (STIPULATED)	Chernick (FRG)	Cost of Residential and C/I DSM Savings
<u>(PLC-8)</u> (STIPULATED)	Chernick (FRG)	Incentives Paid in Collaboratively-Designed Conservation Programs

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 9

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(PLC-9)</u> (STIPULATED)	Chernick (FRG)	Specifics of Collaboratively Designed DSM Programs
<u>(PLC-10)</u> (STIPULATED)	Chernick (FRG)	Participation Rates in TECO's DSM Programs
<u>(PLC-11)</u> (STIPULATED)	Chernick (FRG)	TECO Demand Side Resources Based on Plans of Utilities with Collaboratively Designed Programs
<u>(PLC-12)</u> (STIPULATED)	Chernick (FRG)	Comparison of TECO Resource Plan with a Plan Utilizing Collaborative-Scale Conservation

REBUTTAL EXHIBITS

<u>(AEK-Appen. 1)</u> (STIPULATED)	Kahn (TECO)	Resume
<u>(AEK-Appen. 2)</u> (STIPULATED)	Kahn (TECO)	Chart
<u>(LJP-1)</u>	Perl (TECO)	TECO Exhibit of Lewis J. Perl
<u>(GJK-2)</u>	Kordecki (TECO)	TECO Exhibit of Gerard J. Kordecki
<u>(JBR-2)</u>	Ramil (TECO)	TECO Rebuttal Exhibit of John B. Ramil

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 10

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(JBR-1)</u>	Ramil (TECO)	Chernick's Testimony
<u>(TFB-1)</u>	Bechtel (TECO)	Chernick's Testimony
<u>(Staff-1)</u>	Ramil, Smith Kordecki	TECO's Answers to First Set of Interroga- tories of the FPSC staff
<u>(Staff-2)</u>	Ramil, Smith Kordecki	TECO's Answers to Second Set of Interroga- tories of the FPSC Staff
<u>(Staff-3)</u>	Ramil, Smith	Deposition of John Ramil and Hugh Smith
<u>(Staff-4)</u>	Ramil	Staff analysis of FPL avoided unit vs. TECO's IGCC Unit

D. PARTIES' STATEMENT OF BASIC POSITIONS

STAFF: No position at this time.

TAMPA ELECTRIC COMPANY (TECO): Tampa Electric Company is requesting the Commission to determine that Tampa Electric needs to construct Polk Unit One, a nominal 220 MW integrated coal gasification combined cycle ("IGCC") unit to be phased in between mid-1995 and mid-1996, along with associated facilities. Such a determination will enable Tampa Electric to continue providing reliable cost-effective electric service to its Customers by constructing a clean coal gasification demonstration project to be funded in large part by the United States Department of Energy ("DOE"). This project will receive \$120 million in DOE funding that will enable Tampa Electric, together with other benefits, to save Tampa Electric's Customers at least an estimated \$155 million over the life of the project, or \$62 million in cumulative net

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 11

present value dollars. In addition, the Electric Power Research Institute ("EPRI") is expected to contribute additional significant funding toward the success of this project. Polk Unit One constitutes the most cost-effective alternative available to Tampa Electric, taking into account the need for electric system reliability and integrity, the need for providing an adequate supply of electricity at a reasonable cost, environmental effects, and other relevant matters.

FLORIDIANS FOR RESPONSIBLE UTILITY GROWTH (FRG): Tampa Electric has not demonstrated that the proposed new plant is the least cost or most cost-effective option for meeting future demand, and it has failed to show that it has taken all of the conservation measures reasonably available to mitigate the need for new capacity. Thus, the Commission should withhold approval of the utility's petition until it clearly demonstrates (1) that it has undertaken to implement all economic energy efficiency and load management measures that might mitigate the need for a new plant and (2) that the proposed new IGCC facility is the least cost option to meet any remaining requirements.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Are the reliability criteria used by TECO to determine its need for a 220 MW integrated coal gasified combined cycle (IGCC) unit reasonable for planning purposes?

POSITION

STAFF: No position at this time.

TECO: Yes. (Ramil)

FRG: No position.

ISSUE 2: Is the load forecast used by TECO to determine its need for a 220 MW IGCC unit reasonably adequate for planning purposes?

POSITION

STAFF: No position at this time.

TECO: Yes. (Moore)

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 12

FRG: No.

ISSUE 3: Does TECO have a need for 150 MW of additional capacity in 1995 and 70 MW of additional capacity in 1996?

POSITION

STAFF: No position at this time.

TECO: Yes. Under the power resource plan considered in Docket No. 910004-EU, Tampa Electric had planned to phase in a 220 MW combined cycle unit by bringing a 75 MW combustion turbine (CT) on line in each of the years 1995 and 1996 with a 70 MW heat recovery steam generator being added in 1997. However, given the participation of the DOE in the IGCC demonstration project, Tampa Electric will construct some portion of the needed 220 MW slightly sooner and some portion slightly later than under the old plan at a significantly lower cost. (Anderson; Ramil)

FRG: No.

ISSUE 4: Is the timing of TECO's petition to determine the need for its proposed IGCC unit appropriate?

POSITION

STAFF: No position at this time.

TECO: Yes. Tampa Electric has requested a determination of need for the phased-in construction of its proposed IGCC which would come on line in mid-1995 and mid-1996. Tampa Electric's ability to meet this schedule and to qualify for \$120 million in DOE funding and expected additional significant funding from the EPRI critically depends upon the prompt resolution of this proceeding. (Anderson; Ramil)

FRG: No.

ISSUE 5: Is the proposed 220 MW IGCC unit needed to contribute to the reliability and integrity of the electric system of the State of Florida?

POSITION

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 13

STAFF: No position at this time.

TECO: Yes. (Speck)

FRG: No.

ISSUE 6: Will TECO's proposed units contribute to fuel diversity for TECO's system, and for peninsular Florida?

POSITION

STAFF: No position at this time.

TECO: Yes. While fuel diversity is not an end in and of itself, it is a factor to consider in providing reliable and economic electric power. Tampa Electric's proposed IGCC project will greatly enhance fuel diversity for Peninsular Florida. It will introduce coal gas into Florida's fuel mix. Moreover, deriving this fuel from a variety of domestically available coal sources assures a competitive price and a stable supply. The fuel diversity benefits of this project help to reduce Florida's and our nation's dependency on oil and natural gas while meeting electric power needs in an environmentally acceptable manner. (Smith; Ramil)

FRG: No position.

ISSUE 7: Are there any adverse consequences to TECO and its customers if the proposed IGCC unit is not completed in the time frame requested by TECO?

POSITION

STAFF: No position at this time.

TECO: Yes. The reliability and integrity of Tampa Electric's system would be adversely affected, to the detriment of Tampa Electric's Customers. In addition, a delay could jeopardize the DOE and EPRI funding of this project causing higher cost to Customers and a lost opportunity to develop the state-of-the-art plant. (Anderson; Ramil)

FRG: No.

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 14

ISSUE 8: Is the fuel price forecast used by TECO reasonably adequate for planning purposes?

POSITION

STAFF: No position at this time.

TECO: Yes. (Smith)

FRG: No position.

ISSUE 9: Have adequate assurances been provided regarding available primary and secondary fuel to serve the proposed facility on a long and short term basis at a reasonable cost?

POSITION

STAFF: No position at this time.

TECO: Yes. (Smith)

FRG: No position.

ISSUE 10: Has Teco provided appropriate assurances that there will be an adequate gas supply for the first two years of the project?

POSITION

STAFF: No.

TECO: Tampa Electric will rely upon gasified coal as its primary fuel for Polk Unit One over the life of the project with No. 2 oil serving as the primary backup fuel. Natural gas is not being relied upon as a primary fuel, either before or after the coal gasifier comes on line. Tampa Electric will rely upon No. 2 oil (and natural gas when available and economical) to operate Polk Unit One prior to the in-service date of the coal gasifier. (Smith)

FRG: No position.

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 15

ISSUE 11: Has Teco provided appropriate assurances that sufficient natural gas capacity will be available to transport natural gas to the project?

POSITION

STAFF: No position at this time.

TECO: Yes. Florida Gas Transmission has a natural gas pipeline adjacent to the Polk Unit One plant site. To the extent Tampa Electric is able to rely upon natural gas as an economic backup fuel, adequate facilities will be provided to deliver natural gas from FGT's system to Polk Unit One. (Smith)

FRG: No position.

ISSUE 12: Did TECO reasonably consider the costs of environmental compliance associated with the Clean Air Act when it evaluated its future generation needs?

POSITION

STAFF: No position at this time.

TECO: Yes. (Ramil)

FRG: No.

ISSUE 13: Has TECO provided sufficient information on the site, design and engineering characteristics of its 220 MW IGCC unit to evaluate its proposal?

POSITION

STAFF: No position at this time.

TECO: Yes. (Ramil)

FRG: No position.

ISSUE 14: Has TECO adequately demonstrated the commercial viability of its proposed IGCC plant?

POSITION

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 16

STAFF: No position at this time.

TECO: Yes. Tampa Electric's proposed IGCC unit will present a demonstration of hot gas clean-up on a large scale. This technology has already been proven on a smaller scale. The project will have redundant (hot and cold) gas clean-up capabilities so that in the unlikely event the hot gas clean-up does not perform as expected, the plant can still operate in the cold gas clean-up mode. The U. S. Department of Energy is enthusiastic enough about this technology to fund \$120 million of the cost and the company expects that EPRI will provide additional significant funding. (Ramil)

FRG: No position.

ISSUE 15: Has TECO adequately explored the construction of alternative generating technologies?

POSITION

STAFF: No position at this time.

TECO: Yes. (Ramil)

FRG: No position.

ISSUE 16: What conservation measures taken by or reasonably available to TECO might mitigate the need for TECO's proposed unit?

POSITION

STAFF: No position at this time.

TECO: Even though Tampa Electric was able to accomplish its FEECA goals and even though the company expects to make significant reductions in the growth rates of weather sensitive peak demand and energy consumption over the next 10 years, Polk Unit One is needed in order to meet Tampa Electric's projected requirements for power. Tampa Electric does not believe that additional conservation measures will cost effectively and reliably further delay Polk Unit One. (Kordecki; Ramil)

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 17

FRG: There are many conservation measures reasonably available to the company to mitigate the need for the proposed unit, and some are noted in the testimony of Paul Chernick.

ISSUE 17: Has TECO adequately explored and evaluated the availability of purchased power from other electric utilities?

POSITION

STAFF: No position at this time.

TECO: Yes. (Ramil)

FRG: No position.

ISSUE 18: Has the availability of non-utility generation, including firm capacity purchases and self-service generation, been adequately explored and evaluated by TECO?

POSITION

STAFF: No position at this time.

TECO: Yes. (Ramil)

FRG: No position.

ISSUE 19: Would the DOE grant be transferable to a QF employing the same coal gasification technology as proposed by TECO?

POSITION

STAFF: No position at this time.

TECO: No, not without DOE consent and without threatening the ability of Tampa Electric's Customers and, indeed, the ability of any electric Customers in Florida, to enjoy the benefits of such funding. If the demonstration project does not go forward as planned by Tampa Electric, the DOE funds in question could end up being applied to another project in another state because they would be applied to other existing projects or future projects under the Clean Coal Technology Program. DOE likely

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 18

would reevaluate earlier proposals under Clean Coal Phase III, or make the funds available to other projects under later clean coal programs. (Bechtel; Ramil)

FRG: No position.

ISSUE 20: Should TECO be required to allow outside parties an opportunity to bid against its proposed IGCC unit?

POSITION

STAFF: No position at this time.

TECO: No. (Ramil)

FRG: No position.

ISSUE 21: Has TECO demonstrated that the proposed IGCC unit is the most cost-effective alternative for the company and Peninsular Florida?

POSITION

STAFF: No position at this time.

TECO: The evidence to be presented by Tampa Electric in this proceeding will demonstrate that the proposed unit is the most cost-effective alternative for the company and Peninsular Florida. (Ramil)

FRG: No.

ISSUE 22: If the hot gas clean-up technology to be demonstrated by TECO's proposed unit should fail, does the U.S. Department of Energy grant offer a sufficient magnitude of assurance to hold TECO's ratepayers harmless over the life of the unit?

POSITION

STAFF: No position at this time.

TECO: Yes. TECO will not be obligated to refund any moneys to DOE if the hot gas clean-up technology should fail. In

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 19

addition, a backup gas clean-up system is being installed for the protection of ratepayers. (Ramil)

FRG: No position.

ISSUE 23: Is the DOE grant, in whole or in part, refundable by TECO and if so, under what circumstances and at whose expense?

POSITION

STAFF: No position at this time.

TECO: No. DOE funds employed in the project are not refundable. The only amounts, if any, payable to DOE would derive from revenues which may result from commercialization of the technology through its use in other projects. (Ramil)

FRG: No position.

ISSUE 24: Does TECO's economic analysis of the proposed IGCC properly reflect the possibility of a refund of the DOE grant monies?

POSITION

STAFF: No position at this time.

TECO: Yes, because there will be no refunds and the possibility of payments to DOE arising from commercialization has no impact on the economics of the project. (Ramil)

FRG: No position.

ISSUE 25: What associated facilities are required in conjunction with the IGCC project?

POSITION

STAFF: No position at this time.

TECO: The associated facilities may include two circuits looping the Pebbledale-Hardee Power Station circuit and two circuits looping the Pebbledale-Mines circuit into a transmission switching station at Polk Unit One; a

natural gas lateral to the Florida Gas Transmission pipeline which runs on the west side of State Road 37 adjacent to the proposed power plant site; and an oil pipeline lateral from the proposed power plant site to the GATX oil pipeline under construction adjacent to the proposed power plant site. (Ramil; Smith)

[Tampa Electric proposes that this issue be stipulated as no party has put forth a position contradictory to Tampa Electric's position.]

FRG: No position.

ISSUE 26: Based on the resolution of the previous factual and legal issues, should TECO's petition for determination of need for a 220 MW IGCC unit, with 150 MW on-line in 1995 and 70 MW on-line in 1996, be granted?

POSITION

STAFF: No position at this time.

TECO: Yes. (Anderson; Ramil; Kordecki; Smith; Moore; Speck)

FRG: No, not on the basis of the current filings.

ISSUE 27: Under the Florida Siting Statute does "most cost-effective" alternative available mean "least cost" option or combination of options available?

POSITION

STAFF: No position at this time.

TECO: No. Section 403.519 requires the Commission to consider whether the proposed unit is "the most cost-effective alternative available". In addition, other parts of this section require the Commission to consider the need for electricity at reasonable cost as well as other factors such as reliability. If the Legislature had intended to require the use of the term "least cost", it would have done so.

FRG: Yes.

ISSUE 28: What obligation does TECO have under the statute to demonstrate what measures have been taken or were reasonably available to TECO which might mitigate the need for TECO's proposed unit?

POSITION

STAFF: No position at this time.

TECO: Under Section 403.519, of the Florida Electric Power Plant Siting Act, the Commission is the sole forum for the determination of need for an electric power plant. In making this determination the Commission is expressly required by the statute to consider a number of factors (e.g., electric system reliability, adequacy of electricity and its cost) including the conservation measures taken by or reasonably available which might mitigate the need for the proposed plant. Section 403.519, Florida Statutes does not attempt to define the level of demonstration required with respect to any factor to be considered nor does this section attempt to assign to any party any burden of proof with respect to any specific factor or generally as to all factors. Indeed, Section 403.519, Florida Statutes provides that the Commission may institute a need for power proceeding on its own motion. In order to make a determination of need, the Commission must find that the preponderance of the evidence, taking into account all of the statutory factors, supports such a finding. As the proponent of Polk Unit One, the practicalities are that the initial burden of producing such a preponderance of evidence falls on Tampa Electric. Tampa Electric's evidence regarding its conservation programs, their achievements and projected results as well as comparable information with respect to all the other factors, which the Commission is obligated to consider under Section 403,519, Florida Statutes, has met this burden.

FRG: Tampa Electric has the obligation to demonstrate that it has fully investigated, developed and analyzed all of the reasonably available conservation measures that might mitigate the need for part or all of the proposed new plant, comparing those measures with other demand and supply options in terms of total system costs and benefits, short- and long-term rate effects, and other important internal and external impacts.

66A

ORDER NO. 25454
DOCKET NO. 910883-EI
PAGE 22

E. PENDING MOTIONS

None at this time.

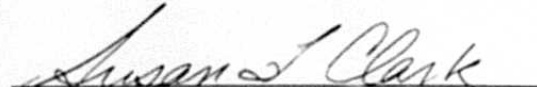
F. OTHER MATTERS

None.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

By ORDER of Commissioner Susan F. Clark, as Prehearing Officer, this 9th day of December, 1991.



SUSAN F. CLARK, Commissioner
and Prehearing Officer

(S E A L)

MCB:bmi
910883b.bmi