

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa
Electric Company for approval of
plan to bring generating units
into compliance with the Clean
Air Act.

DOCKET NO. 992014-EI

In re: Petition for 1999
depreciation study by Tampa
Electric Company.

DOCKET NO. 990529-EI
ORDER NO. PSC-00-0817-PAA-EI
ISSUED: April 25, 2000

The following Commissioners participated in the disposition of
this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.
LILA A. JABER

ORDER CLOSING DOCKET

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING CAPITAL RECOVERY SCHEDULE, FOSSIL
DISMANTLEMENT ACCRUALS AND DEPRECIATION RATES RELATED TO THE
REPOWERING OF GANNON STATION

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed in Section III of this Order
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.

I. CASE BACKGROUND

The United States Department of Justice, on behalf of the
United States Environmental Protection Agency (EPA), filed a suit

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against Tampa Electric Company (TECO), November 3, 1999, alleging TECO violated the Prevention of Significant Deterioration (PSD) requirements at Part C of the Clean Air Act, 42 U.S.C. §§ 7470-7492. (Civil Action No. 99-2524 CIV-T-23F)

The Florida Department of Environmental Protection (DEP) which has a State Implementation Plan in place with the EPA and administers the Clean Air Act on behalf of the EPA in Florida, negotiated with TECO to settle the case. Pursuant to those efforts, DEP filed a lawsuit against TECO on December 7, 1999, for non-compliance with the Clean Air Act which mirrored the EPA lawsuit. Shortly after DEP filed its lawsuit, TECO and DEP settled the suit by entering a Consent Final Judgment (CFJ). The CFJ became effective on December 16, 1999. The CFJ requires, among other things, that the Gannon coal-fired units to be repowered as natural gas combined cycle units by December 31, 2004, with necessary controls to achieve a NO_x emission rate of 3.5 ppm. TECO's self build estimate is \$673 million for the repowering of Gannon Station. TECO will be changing the name of the repowered Gannon Station to the Bayside Station. The other requirements of the CFJ were estimated to cost \$327 million by the year 2010.

However, the EPA's lawsuit against TECO was not resolved. Notwithstanding the pending litigation with EPA, on December 23, 1999, TECO filed a Petition for Approval of its Plan to bring its generating units into Compliance with the Clean Air Act pursuant to Section 366.825, Florida Statutes, in Docket No. 992014-EI. TECO's Plan was the implementation of the CFJ entered into with the DEP.

By Order No. PSC-00-0603-PAA-EI, issued March 29, 2000, we approved, on a preliminary basis, a capital recovery schedule, dismantlement accruals, and depreciation rates for the Gannon Station reflecting TECO's planned implementation of the CFJ. Implementation of these provisions was effective January 1, 2000, with a provision for a true-up of resulting expenses and subject rates after the decision in Docket No. 992014-EI.

TECO and the EPA reached preliminary agreement with respect to the federal enforcement actions on February 29, 2000. The proposed agreement (Consent Decree) was filed with the U.S. District Court in Tampa on February 29, 2000. The notice of lodging of the Consent Decree was published in the Federal Register on March 20, 2000, Volume 65, No.54.

On March 1, 2000, TECO filed a Voluntary Dismissal and Withdrawal of Petition in Docket No. 992014-EI.

II WITHDRAWAL OF PETITION AND CLOSING OF DOCKET NO. 992014-EI

We have previously considered the issue of whether an entity initiating a proceeding can subsequently voluntarily dismiss the petition. By Order No. PSC-94-0310-FOF-EQ, issued March 17, 1994, in Docket No. 920977-EQ, the Commission recognized that a party may voluntarily withdraw an initiating petition. There are no pending matters which require Commission action. Therefore, we acknowledge TECO's Voluntary Dismissal and Withdrawal of its Petition. Therefore, Docket No. 992014-EI shall be closed.

III CAPITAL RECOVERY SCHEDULE, FOSSIL DISMANTLEMENT ACCRUALS, AND DEPRECIATION RATES ADDRESSING THE REPOWERING OF THE GANNON STATION

The recovery schedule, fossil dismantlement accruals, and depreciation rates for the Gannon Station the Commission approved on a preliminary basis by Order No. PSC-00-0603-PAA-EI reflect TECO's planned implementation of the Consent Final Judgement (CFJ) between TECO and the Florida Department of Environmental Protection (DEP). Also approved was the provision for a true-up of the related expenses and subject rates after the Commission decision in Docket No. 992014-EI.

As discussed previously, the Consent Decree, will supersede the CFJ. According to TECO, nothing in the Consent Decree changes its current estimates of investments now subject to retirement by December 31, 2004 at the Gannon Station. We therefore find that final approval of the recovery schedule, dismantlement accruals, and depreciation rates addressing the repowering of the Gannon Station shown on Attachment A is appropriate. However, if significant changes occur with the estimated retirements, TECO should petition the Commission for recovery revisions as necessary.

Based on the foregoing, it is,

ORDERED by the Florida Public Service Commission that TECO's Voluntary Dismissal and Withdrawal of Petition filed in Docket No. 992014-EI is acknowledged. It is further

ORDERED that Docket No. 992014-EI shall be closed. It is further

ORDERED that the depreciation rates, recovery schedule, and fossil dismantlement accrual shown on Attachment A, reflecting the

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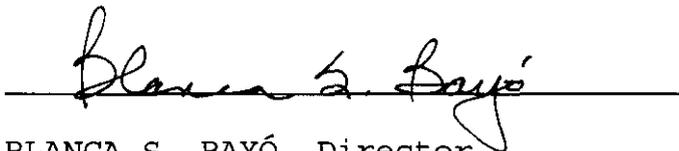
planned repowering of the Gannon Station, are approved. It is further

ORDERED that all matters contained in the schedules attached hereto are by reference incorporated herein. It is further

ORDERED that the provisions of Section III of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, Docket No. 990529-EI shall be closed.

By ORDER of the Florida Public Service Commission this 25th Day of April, 2000.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW APPLICABLE TO ALL
PROVISIONS OF THIS ORDER EXCEPT AS TO GANNON STATION REPOWERING

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review 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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW APPLICABLE TO
GANNON STATION REPOWERING

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

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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 Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 16, 2000.

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 docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

TAMPA ELECTRIC COMPANY
 GANNON REPOWERING
 EFFECTIVE JANUARY 1, 2000

ACCOUNT		COMMISSION APPROVED			
		AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	01/01/2000 RESERVE (%)	REMAINING LIFE RATE (%)
GANNON STATION					
	- Common -				
311500	Structures	39.0	(5.0)	26.63	2.0
312500	Boiler Plant	42.0	(5.0)	30.02	1.8
314500	Turbogenerators	41.0	(3.0)	16.15	2.1
315500	Acces. Electric Equipment	26.0	(5.0)	33.30	2.8
316500	Miscellaneous	13.0	(19.0)	59.51	4.6
	- Unit 1 -				
311510	Structures	7.2	(1.0)	84.75	2.3
312510	Boiler Plant				
314510	Turbogenerators	6.5	(1.0)	71.21	4.6
315510	Acces. Electric Equipment	5.8	(1.0)	77.65	4.0
316510	Miscellaneous	7.3	(1.0)	82.41	2.5
	- Unit 2 -				
311520	Structures	8.4	(1.0)	63.94	4.4
312520	Boiler Plant				
314520	Turbogenerators	7.6	(1.0)	71.05	3.9
315520	Acces. Electric Equipment	7.3	(1.0)	72.78	3.9
316520	Miscellaneous	6.6	(2.0)	85.07	2.6
	- Unit 3 -				
311530	Structures	37.0	(4.0)	48.57	1.5
312530	Boiler Plant				
314530	Turbogenerators	24.0	(6.0)	52.65	2.2
315530	Acces. Electric Equipment	16.6	(5.0)	60.97	2.7
316530	Miscellaneous	22.0	(8.0)	62.00	2.1
	- Unit 4 -				
311540	Structures	33.0	(8.0)	47.81	1.8
312540	Boiler Plant				
314540	Turbogenerators	22.0	(6.0)	56.57	2.2
315540	Acces. Electric Equipment	15.1	(3.0)	56.52	3.1
316540	Miscellaneous	41.0	(6.0)	23.31	2.0
	- Unit 5 -				
311550	Structures	40.0	(5.0)	22.42	2.1
312550	Boiler Plant	11.1	(32.0)	90.30	3.8
314550	Turbogenerators	28.0	(8.0)	40.38	2.4
315550	Acces. Electric Equipment	21.0	(5.0)	40.68	3.1
316550	Miscellaneous	30.0	(15.0)	36.72	2.6
	- Unit 6 -				
311560	Structures	17.1	(1.0)	58.21	2.5
312560	Boiler Plant	15.8	(5.0)	42.47	4.0
314560	Turbogenerators	16.6	(2.0)	44.14	3.5
315560	Acces. Electric Equipment	13.3	(3.0)	51.85	3.8
316560	Miscellaneous	16.9	(2.0)	28.82	4.3

TAMPA ELECTRIC COMPANY
 GANNON REPOWERING
 EFFECTIVE JANUARY 1, 2000

ACCOUNT		COMMISSION APPROVED			
		AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	01/01/2000 RESERVE (%)	REMAINING LIFE RATE (%)
GANNON OBO					
	- Common -				
311700	Structures	45.0	(2.0)	29.21	1.6
312700	Boiler Plant	42.0	(5.0)	25.96	1.9
	- Unit 1 -				
311710	Structures	7.5	0.0	65.80	4.6
	- Unit 2 -				
311720	Structures	8.5	0.0	62.94	4.4
	- Unit 3 -				
311730	Structures	45.0	(2.0)	25.67	1.7
	- Unit 4 -				
311740	Structures	44.0	(2.0)	27.19	1.7

	RECOVERY SCHEDULE			
	1/1/2000	1/1/2000	RECOVERY	EXPENSES @
	INVESTMENT	RESERVE	PERIOD	
Gannon Retiring Assets	(\$) 287,686,788	(\$) 221,428,929	(Yr.) 5 Years	(\$) 13,874,690

@ To assure full recovery of the net to retirement by year-end 2004, the recovery schedule expenses for each month should be obtained by dividing the net plant for the month by the months remaining in the amortization period.

FOSSIL DISMANTLEMENT

	COMMISSION APPROVED RECOMMEN DED (\$)
Gannon Common	143,974
Gannon Unit 1	78,866
Gannon Unit 2	69,065
Gannon Unit 3	87,701
Gannon Unit 4	99,781
Gannon Unit 5	108,149
Gannon Unit 6	123,761
TOTAL	711,297