



Public Service Commission

ORIGINAL

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

DATE: June 30, 1998
TO: Lee Willis, Esquire
Vicki Gordon Kaufman, Esquire
FROM: Grace A. Jaye, Attorney, Division of Legal Services
RE: Docket No. 980693-EI - Petition by Tampa Electric Company for approval of cost recovery for a new environmental program, the Big Bend Units 1 & 2 Flue Gas Desulfurization System.

Via Facsimile

The following is an amended list of staff's preliminary issues to be addressed in the above docket.

- 1. Has Tampa Electric Company (TECO) adequately explored alternatives to the construction of a Flue Gas Desulfurization (FGD) system on Big Bend Units 1 and 2?
2. Are the cogen and wholesale interchange forecasts used by TECO in its selection of a Clean Air Act Amendments of 1990 (CAAA) Phase II Compliance plan reasonable?
3. Is the energy forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
4. Is the demand forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
5. Is the fuel price forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
6. Is the Demand Side Management (DSM) forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
7. Are the economic and financial assumptions used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
8. Did TECO reasonably consider the environmental compliance costs for all regulated air, water and land pollutants in its selection of the proposed FGD system on Big Bend Units 1 and 2 for sulfur dioxide (SO2) compliance purposes?

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9. Has TECO demonstrated that its proposed FGD system on Big Bend Units 1 and 2 for SO<sub>2</sub> compliance purposes is the most cost-effective alternative available?
10. What return on equity (ROE) should TECO be allowed to earn on the capital investment costs for the proposed FGD system on Big Bend Units 1 and 2?
11. What is the appropriate overall rate of return for the recovery of the capital investment costs for the proposed FGD system on Big Bend Units 1 and 2?
12. Should the Commission approve TECO's request for recovery of allowance for funds used during construction (AFUDC) for the proposed FGD system on Big Bend Units 1 and 2?
13. Should the Commission approve TECO's request for recovery of the proposed FGD system on Big Bend Units 1 and 2 over a four-year period?
14. What is the appropriate depreciation rate for the proposed FGD system on Big Bend Units 1 and 2?
15. What should be the date of implementation for the depreciation rate for the proposed FGD system on Big Bend Units 1 and 2?
16. Based on the resolution of the previous issues, should TECO's petition for cost recovery of a FGD system on Big Bend Units 1 and 2 through the Environmental Cost Recovery Clause (ECRC) be granted?
17. Should this docket be closed?