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Public Service Commission

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

**DATE:** January 10, 2000

**TO:** Joe Garcia, Chairman

**FROM:** Division of Electric and Gas (Bremman, Bohrmann, Futrell, D. Lee, Matlock) *B TB M7 JCB*  
 Division of Auditing and Financial Analysis (Causseaux, Iyamu, P. Lee, Maurey, Merta, Snyder) *10*  
 Division of Legal Services (Elias, Jave) *RVE JDS*

**RE:** DOCKET NO. 992014-EI -- Petition by Tampa Electric Company for Approval of Plan to Bring Generating Units into Compliance with the Clean Air Act

Pursuant to Administrative Procedure Manual Section 2.11(B) (3) (a), staff makes this request to add an emergency item to the January 18, 2000, Agenda Conference to consider requiring Tampa Electric Company (TECO) to issue a request for proposals (RFP) for bids for energy and capacity in lieu of repowering its Gannon station.

TECO filed its petition on December 23, 1999. Pursuant to Section 366.825, Florida Statutes, a final order on the plan must be issued by August 23, 2000.

Pursuant to the Consent Final Judgment (CFJ) entered into between TECO and the Department of Environmental Protection (DEP), TECO is required to repower the Gannon coal fired units as natural gas combined cycle units by December 31, 2004, with necessary controls to achieve an NO<sub>x</sub> emission rate of 3.5 ppm. TECO's self build estimate is \$673 million for the repowering of Gannon Station. TECO has approximately 550,000 customers. TECO's self build estimated amount, therefore, is in excess of \$1,200 per customer. Staff notes that TECO's petition and exhibits contain virtually no detailed information explaining the basis of the \$673 million amount.

Staff therefore believes that hearing this recommendation concerning requiring TECO to issue a RFP will allow the Commission better to make a determination as to whether TECO's petition is prudent and in the public interest. Staff believes that the Commission should decide as soon as possible whether TECO should be required to solicit bids for the requisite energy and capacity at

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Gannon. If the Commission were to delay its decision on requiring a RFP past the January 18, 2000, Agenda Conference, the effectiveness and benefits of a RFP will be decreased. If the Commission were to delay its decision requiring a RFP until after the close of evidence at the hearing, the implementation of the CFJ entered into between TECO and DEP, including the environmental benefits that would accrue from its implementation, could be delayed past the December 31, 2004, deadline set by DEP.

Staff will file the recommendation for this item before noon Wednesday, January 12, 2000. For the reasons set forth above, staff respectfully requests permission to file an emergency recommendation in this matter.

GAJ

CC: Dr. Mary A. Bane, Deputy Executive Director, Technical  
Division of Electric and Gas  
Division of Auditing and Financial Analysis

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