

State of Florida



ORIGINAL

Public Service Commission

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

DATE: March 19, 2003
 TO: Division of the Commission Clerk and Administrative Services
 FROM: Division of Economic Regulation (Breman) *JB*
 RE: Docket No. 030226-EI - BIG BEND UNIT 4 SEPARATED OVERFIRE AIR LOW NOx RETROFIT

Please place the attached letter in the docket file of the above referenced docket.

DATE SENT TO CCA 3/19/03

JB:kb
Attachement

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TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

March 18, 2003

Mr. James D. Beasley
P.O. Box 391
Tallahassee, Florida 32302

Re: Docket No. 030226-EI - Big Bend Unit 4 Separated Overfire Air Low Nox Retrofit

Dear Mr. Beasley:

The staff of the Florida Public Service Commission requires additional information on Docket No. 030226-EI in order to determine if the project qualifies for cost recovery. The information needed is identified below.

- 1) At paragraph 5 of its petition, TECO represents that the Big Bend Unit 4 SOFA project meets the requirements of Section 52.C.(1) of the Consent Decree with EPA. Please provide a copy of EPA's statement or finding that the proposed SOFA project meets the requirements of the Consent Decree.
- 2) At paragraph, 5, 6 and 7 of its petition, TECO represents that installation of SOFA systems prior to the installation of post-combustion technologies such as Selective Catalytic Reduction (SCR) is an accepted industry practice. Please provide a list of existing coal fired power plants in the USA where SOFA was installed prior to the installation of SCR after the plants were in commercial service.
- 3) At paragraph 6 of its petition, TECO appears to indicate that SCR may or may not be needed to achieve an NOx emission rate of 0.10 lbs/mmBTU by 2007. Please provide a table showing the savings associated with installing SOFA and SCR rather than just SCR to achieve an NOx emission rate of 0.10 lbs/mmBTU by 2007 on Big Bend Unit 4.
- 4) Does the installation of SOFA and SCR reflect a decision by TECO to continue using coal at Big Bend Unit 4 rather than planning to convert the facility to use natural gas? Please explain.
- 5) TECO states that: "The annual O&M estimate may increase over time as the equipment ages." Did TECO perform a life-cycle cost analysis that included costs associated with aging facilities? If not, why not? Is there an upper limit at which point the increased O&M expenses make the SOFA project uneconomic?

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Mr. James D. Beasley

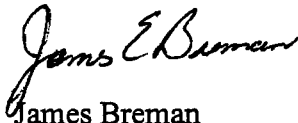
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- 6) Please list all the O&M functions and their respective costs (example: fully loaded payroll) included in TECO's estimate of \$30,000 per year.
- 7) Please list all the O&M expenses TECO anticipates to include in SOFA O&M costs that were not included in the \$30,000 estimate.
- 8) Please list all the capitalized items, their in-service costs, and in-service dates, by retirement unit associated with each of the Big Bend Unit 4 SOFA facilities.

Please provide the requested information within the next 30 days. If you have any questions or wish to discuss this data request further, please call me at 850-413-6664. Thank you for your attention to this matter.

Sincerely,



James Breman

USC Engineer

Bureau of Electric Reliability and Cost Recovery

JB:kb

cc: Marlene Stern, Appeals
Adrienne Vining, Legal Services