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October 12, 2004

HAND DELIVERED

ORIGINAL

Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
OCT 12 PM 2:05
COMMISSION
CLERK

Re: Environmental Cost Recovery Clause
FPSC Docket No. 040007-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket is the original and ten (10) copies of Tampa Electric Company's Prehearing Statement.

Also enclosed is a high-density diskette containing the above-referenced Prehearing Statement generated on a Windows 98 operating system and using Word 2000 as the word processing software.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

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- OPC _____
- MMS _____
- RCA _____
- SCR _____
- SEC 1
- OTH _____

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

JDB/pp
Enclosure

cc: All Parties of Record (w/enc.)

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

11005 OCT 12 04

FPSC-COMMISSION CLERK

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost)
Recovery Clause.)
_____)

DOCKET NO. 040007-EI
FILED: October 12, 2004

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302

On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>(Direct)</u>		
1. Howard T. Bryant (TECO)	Final true-up for period ending December 31 2003, estimated true-up for period January 2004 through December 2004; projections for period January 2005 through December 2005	1, 2, 3, 4, 5, 6, 7, 8, 11A
2. Greg M. Nelson (TECO)	Qualification of environmental activities for ECRC recovery	1,2,3,4

DOCUMENT NUMBER-DATE
11005 OCT 12 04
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C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (HTB-1)	Bryant	Final Environmental Cost Recovery Commission Forms 42-1A through 42-8A for the period January 2003 through December 2003
<u> </u> (HTB-2)	Bryant	Environmental Cost Recovery Commission Forms 42-1E through 42-8E for the Period January 2004 through December 2004
<u> </u> (HTB-3)	Bryant	Forms 42-1P through 42-7P Forms for the January 2005 through December 2005

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve for environmental cost recovery the compliance programs described in the testimony and exhibits of Tampa Electric Witnesses Bryant and Nelson. The Commission should also approve Tampa Electric's calculation of its environmental cost recovery final true-up for the period January 2003 through December 2003, the actual/estimated environmental cost recovery true-up for the current period January 2004 through December 2004, and the company's projected ECRC revenue requirement and the company's proposed ECRC factors for the period January 2005 through December 2005.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Environmental Cost Recovery Issues

- ISSUE 1:** What are the appropriate final environmental cost recovery true-up amounts for the period ending December 31, 2003?
- TECO:** The appropriate final environmental cost recovery true-up amount for this period is an under-recovery of \$260,351. (Witnesses: Bryant; Nelson)
- ISSUE 2:** What are the estimated environmental cost recovery true-up amounts for the period January 2004 through December 2004?

TECO: The estimated environmental cost recovery true-up amount for the period is an over-recovery of \$7,329,011. (Witnesses: Bryant; Nelson)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2005 through December 2005?

TECO: The appropriate amount of environmental costs projected to be recovered for the period January 2005 through December 2005 is \$26,845,492. (Witnesses: Bryant; Nelson)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2005 through December 2005?

TECO: The total environmental cost recovery amount, including true-up amounts, for the period January 2005 through December 2005 is \$19,791,071 after the adjustment for taxes. (Witnesses: Bryant; Nelson)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2005 through December 2005?

TECO: The depreciation rates used to calculate the depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service. (Witness: Bryant)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2005 through December 2005?

TECO: The demand jurisdictional separation factor is 96.41722%. The energy jurisdictional separation factors are calculated for each month based on projected retail kWh sales as a percentage of projected total system kWh sales. These are shown on the schedules sponsored by witness Bryant. (Witness: Bryant)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2005 through December 2005, for each rate group?

TECO: The appropriate factors are:

<u>Rate Class</u>	<u>Factor (cents/kWh)</u>
RS, RST	0.104
GS, GST, TS	0.104
GSD, GSDT	0.103

GSLD, GSLDT, SBF	0.102
IS1, IST1, SBI1, SBIT1, IS3, IST3, SBI3	0.100
SL, OL	0.101
Average Factor	0.103

(Witness: Bryant)

ISSUE 8: What should be the effective date of the environmental cost recovery factors for billing purposes?

TECO: The factors should be effective beginning with the specified environment cost recovery cycle and thereafter for the period January 2005 through December 2005. Billing cycles may start before January 1, 2005, and the last cycle may be read after December 31, 2005, so that each customer is billed for 12 months regardless of when the adjustment factors became effective. (Witness: Bryant)

Company Specific Environmental Cost Recovery Issues

Tampa Electric Company (TECO)

ISSUE 11A: How should TECO's environmental costs for the Big Bend Unit 4 SCR and Pre SCR retrofit activities on Big Bend Units 1, 2, and 3 be allocated to the rate classes?

TECO: The proposed costs should be allocated to the rate classes on an energy basis. (Witness: Bryant)

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

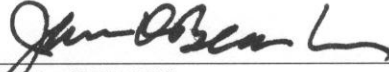
TECO: None at this time.

H. OTHER MATTERS

TECO: None at this time.

DATED this 12th day of October 2004.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company has been furnished by hand delivery (*) or U. S. Mail on this 12th day of October 2004 to the following:

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