

# AUSLEY & MCMULLEN

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October 4, 2006

HAND DELIVERED

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

Re: Environmental Cost Recovery Clause  
FPSC Docket No. 060007-EI

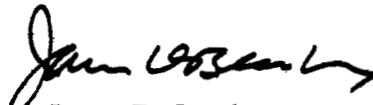
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Prehearing Statement.

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

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Enclosure

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

DOCUMENT NUMBER-DATE

09172 OCT-4 06

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost )  
Recovery Clause. )  
\_\_\_\_\_ )

DOCKET NO. 060007-EI  
FILED: October 4, 2006

**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>
(Direct)		
1. Howard T. Bryant (TECO)	Final true-up for period ending December 31 2005, estimated true-up for period January 2006 through December 2006; projections for period January 2007 through December 2007	1, 2, 3, 4, 5, 6, 7, 8,
2. Greg M. Nelson (TECO)	Qualification of environmental activities for ECRC recovery	1,2,3,4

**C. EXHIBITS:**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(HTB-1)</u>	Bryant	Final Environmental Cost Recovery Commission Forms 42-1A through 42-8A for the period January 2005 through December 2005
<u>(HTB-2)</u>	Bryant	Environmental Cost Recovery Commission Forms 42-1E through 42-8E for the Period January 2006 through December 2006
<u>(HTB-3)</u>	Bryant	Forms 42-1P through 42-7P Forms for the January 2007 through December 2007

**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 2005 through December 2005, the actual/estimated environmental cost recovery true-up for the current period January 2006 through December 2006, and the company's projected ECRC revenue requirement and the company's proposed ECRC factors for the period January 2007 through December 2007.

**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, 2005?

**TECO:** The appropriate final environmental cost recovery true-up amount for this period is an under-recovery of (\$23,609,173). (Witnesses: Bryant; Nelson)

**ISSUE 2:** What are the estimated environmental cost recovery true-up amounts for the period January 2006 through December 2006?

**TECO:** The estimated environmental cost recovery true-up amount for the period is an over-recovery of \$58,347,408. (Witnesses: Bryant; Nelson)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2007 through December 2007?

**TECO:** The appropriate amount of environmental costs projected to be recovered for the period January 2007 through December 2007 is (\$34,064,523). (Witnesses: Bryant; Nelson)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2007 through December 2007?

**TECO:** The total environmental cost recovery amount, including true-up amounts, for the period January 2007 through December 2007 is (\$68,852,296) 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 2007 through December 2007?

**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 2007 through December 2007?

**TECO:** The demand jurisdictional separation factor is 96.66743%. 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 2007 through December 2007, for each rate group?

**TECO:** The appropriate factors are:

<b><u>Rate Class</u></b>	<b><u>Factor (cents/kWh)</u></b>
RS, RST	(0.344)
GS, GST, TS	(0.345)
GSD, GSDT	(0.347)

GSLD, GSLDT, SBF	(0.345)
IS1, IST1, SBI1, SBIT1, IS3, IST3, SBI3	(0.340)
SL, OL	(0.358)
Average Factor	(0.345)

(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 2007 through December 2007. Billing cycles may start before January 1, 2007, and the last cycle may be read after December 31, 2007, 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.** Should the Commission approve inclusion of the costs in the 2007 ECRC factors of TECO's Flue Gas Desulfurization Reliability Project subject to refund including interest pending resolution of Docket No. 050958-EI?

**TECO:** Yes, the Commission should allow inclusion of the costs in the 2007 ECRC factors of TECO's Flue Gas Desulphurization Reliability Project subject to refund including interest pending the resolution of Docket No. 050958-EI.

#### **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 4<sup>th</sup> day of October 2006.

Respectfully submitted,



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(850) 224-9115

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 4<sup>th</sup> day of October 2006 to the following:

Ms. Marlene K. Stern\*  
Office of General Counsel  
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Office of Public Counsel  
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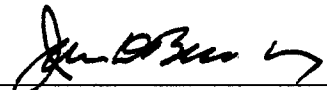
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ATTORNEY