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April 2, 2007

HAND DELIVERED

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

Re: Petition for approval of new environmental program for cost recovery through
Environmental Cost Recovery Clause by Tampa Electric Company
FPSC Docket No. 050958-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa
Electric Company's Brief and Post-Hearing Statement of Issues and Positions.

Also enclosed is a CD containing the above Brief and Post-Hearing Statement using Word
2003 as the word processing software, and Windows XP as the operating system.

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.

- CMP _____
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- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC _____
- OTH _____

Sincerely,

James D. Beasley

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JDB/ep
Enclosures

DEPT OF RECU

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

DOCUMENT NUMBER-DATE

02855 APR-26

FPSC-COMMISSION CLERK

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of new)
environmental program for cost recovery)
through Environmental Cost Recovery Clause)
by Tampa Electric Company.)
_____)

DOCKET NO. 050958-EI
FILED: April 2, 2007

TAMPA ELECTRIC COMPANY'S BRIEF AND POST-HEARING STATEMENT OF ISSUES AND POSITIONS

Tampa Electric Company ("Tampa Electric" or "the company") submits the following argument and authorities as its Brief and Post-Hearing Statement of Issues and Positions in the above proceeding:

STATEMENT OF THE CASE AND OF THE FACTS

In this proceeding Tampa Electric seeks cost recovery, in part through the Environmental Cost Recovery Clause ("ECRC") mechanism, with respect to its Big Bend Flue Gas Desulfurization ("FGD") System Reliability Program. This program was developed by Tampa Electric as a means to enable the company to comply with certain mandates of the February 29, 2000 Consent Decree that Tampa Electric entered into with the U. S. Environmental Protection Agency ("EPA"). The Consent Decree resolved litigation over whether certain of Tampa Electric's maintenance practices at its Big Bend and Gannon Stations were in violation of the EPA's New Source Review rules and New Source Performance standards. The Consent Decree and the related Consent Final Judgment which Tampa Electric entered into with the Florida Department of Environmental Protection have been previously provided to the Commission in Docket No. 000685-EI and referred to in numerous environmental proceedings before the

DOCUMENT NUMBER-DATE

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Commission over the past six years. The Consent Decree was included in Staff's consolidated Exhibit 2 in this proceeding.

According to paragraph 40 of the Consent Decree, Tampa Electric is required to operate the FGD systems at Big Bend Station whenever coal is combusted in the units with few exceptions. Although certain unscrubbed days are currently allowed under the Consent Decree, paragraph 40 states that unscrubbed days will no longer be allowed beginning January 1, 2010 for Big Bend Unit 3 and January 1, 2013 for Big Bend Units 1 and 2. In other words, beginning in 2010, any time the scrubber for Big Bend Unit 3 is off line, Unit 3 must also be taken off line. The same requirement applies to Big Bend Units 1 and 2 starting in 2013 – any time the scrubber is off line, both Units 1 and 2 must be taken off line. Therefore, the reliability of the units at Big Bend Station is limited to the reliability of their respective scrubbers. (Tr. 46, line 20 – Tr. 47, line 8)

The Big Bend FGD System Reliability Program was previously approved for ECRC cost recovery by the Commission in Docket No. 050958-EI, by Order No. PSC-06-0602-PAA-EI, issued July 10, 2006. By a 5-0 vote, the Commission granted cost recovery approval for prudent costs associated with this project. However, on July 21, 2006, the last day for so doing, the Office of Public Counsel ("OPC") requested an evidentiary hearing. (Tr. 42, lines 6-12)

On March 5, 2007 an evidentiary hearing was conducted before the Commission with Tampa Electric presenting direct and rebuttal testimony of three witnesses and OPC presenting direct testimony of one OPC employee and two outside consultants. This Brief and Post-Hearing Statement of Issues and Positions addresses the record developed during the course of that hearing.

ARGUMENT

POINT I

TAMPA ELECTRIC HAS FULLY DEMONSTRATED THAT EACH OF THE 13 PROJECTS THAT MAKE UP THE BIG BEND FGD SYSTEM RELIABILITY PROGRAM IS ESSENTIAL FOR TAMPA ELECTRIC'S COMPLIANCE WITH THE CONSENT DECREE DEADLINES IN 2010 AND 2013.

Tampa Electric's witnesses presented solid testimony and exhibits compelling the conclusion that the Big Bend FGD System Reliability Program is a carefully developed cost-effective means to enable Tampa Electric to meet the 2010 and 2013 deadlines of the Consent Decree. At the same time this program will enable Tampa Electric to continue providing safe, adequate, reliable and cost-effective electric service to its customers at pre-Consent Decree levels. The opposing testimony of OPC's witnesses reveals a superficial review of Tampa Electric's proposal – a review which is replete with errors, omissions and misinterpretations. A brief review of the efforts undertaken by Tampa Electric to meet the Consent Decree deadlines in the most cost-effective way possible demonstrates the correctness of the Commission's earlier decision to approve the program.

In view of the deadlines in 2010 and 2013 after which Tampa Electric will not be able to operate Big Bend Units 1 through 3 in an unscrubbed mode, the company conducted a study to determine the appropriate actions necessary to comply with these deadlines (Tr. 67, lines 7-10). The result of that study is set forth in Tampa Electric's Big Bend Flue Gas Desulfurization System Reliability Study ("Study"), set forth in the record as Exhibit 4. The Study had three main purposes which were to:

- 1) determine the specific projects that could provide reliability and improvements to the FGD systems at Big Bend Station to meet the more stringent 2010 and 2013 requirements of the Consent Decree;
- 2) determine the cost-effectiveness of the proposed reliability improvements;
and
- 3) determine the cost-effectiveness of performing several of the projects earlier than required to meet the 2010 and 2013 deadlines in the Consent Decree. This early work would coincide with the construction activities associated with the installation of Selective Catalytic Reduction ("SCR") systems at Big Bend Station. (Tr. 67, lines 12-24).

The Study determined 13 specific projects Tampa Electric must complete in order to meet the more stringent 2010 and 2013 requirements of the Consent Decree. Additionally, the Study examined the cost-effectiveness of these projects and found a range of cost benefit ratios from 1.2 to 21 with the net benefit to customers estimated to be \$34 million over and above the costs of the projects. The Study provided an analysis that demonstrated the benefit of implementing the projects associated with Big Bend Units 1 and 2 concurrent with the installation of SCR's on those units, providing additional benefits to customers of an estimated \$2.7 million. The Big Bend FGD System Reliability Program is the culmination of Tampa Electric's decision to implement the recommendations of the Study in order to meet the 2010 and 2013 requirements of the Consent Decree. (Tr. 68, lines 3-17)

The 13 individual projects that make up the Big Bend FGD System Reliability Program were identified based on Tampa Electric's specific knowledge and over 22 years of experience in operating the FGD systems at Big Bend Station, including specific maintenance needs, outage

requirements and previous or potential equipments failures of those systems. These determinations were made from a combination of actual operating experience and empirical knowledge of the FGD systems. From these determinations, corrective actions were devised to prevent, minimize or mitigate the detrimental effects of the identified occurrences. Once these corrective actions were identified, Tampa Electric established the reliability projects that would be needed to meet the 2010 and 2013 deadlines in the Consent Decree.

Tampa Electric presented extensive testimony of John V. Smolenski describing the 13 projects that make up the Big Bend FGD System Reliability Program; how their costs and benefits were determined as well as the overall cost-effectiveness of each of the projects. (Tr. 69, line 25 –Tr. 72, line 11). Mr. Smolenski also explained how the company determined that performing some of the reliability projects earlier than the deadlines defined in the Consent Decree would save customers an estimated \$2.7 million over and above the estimated \$34 million in net benefits from the program itself. (Tr. 74, line 9 –Tr. 75, line 15)

All three of Tampa Electric's witnesses testified that the Big Bend FGD System Reliability Program would not be needed and would not be implemented but for the requirements of the Consent Decree. (Tr. 27, lines 13-14; Tr. 210, lines 3-5; Tr. 76, lines 10-25). As explained by Mr. Smolenski, in the absence of the Consent Decree, Tampa Electric would be able to operate Big Bend Units 1, 2 and 3 without scrubbing the flue gas for an unlimited number of days per year. Consequently, reliability of the FGD systems would have virtually no impact on the generating capability of the units. He further testified that it is solely the requirements of the Consent Decree that absolutely and directly tie unit generating capability to FGD system reliability. (Tr. 76, lines 10-25)

Tampa Electric has carried its burden of demonstrating that the 13 integrated projects making up the Big Bend FGD System Reliability Program are essential if Tampa Electric is to comply with the 2010 and 2013 deadlines in the Consent Decree. The record demonstrates that the projects making up the program were carefully selected and determined to be cost beneficial from the standpoint of its customers based on over 22 years of scrubber operating experience at Big Bend Station and the expertise of company engineers, planners and other experts and the resources of outside expert consultants.

POINT II

TAMPA ELECTRIC'S PROPOSED METHODOLOGY FOR COST RECOVERY OF THE BIG BEND FGD SYSTEM RELIABILITY PROGRAM IS APPROPRIATE AND SHOULD BE APPROVED.

As explained in the direct testimony of Mr. Bryant, Tampa Electric took care to ensure that only incremental, non-base rate related costs associated with the Big Bend FGD System Reliability Program would be contained in its request for ECRC cost recovery approval. Mr. Bryant testified that the total estimated capital costs of the Big Bend FGD Reliability Program are \$21,651,000. The company allocated these program costs into three components for cost recovery: 1) an estimated \$11,929,000 of capital investment costs associated with Big Bend Units 3 and 4 as the new ECRC Big Bend FGD System Reliability Program; 2) an estimated \$7,096,000 of incremental capital costs associated with the scrubber that is the major component of the company's existing ECRC Big Bend Units 1 and 2 FGD Program; and 3) an estimated \$2,626,000 in Big Bend Units 3 and 4 FGD costs which will be recovered through base rates. Only the incremental costs of the program, not already being recovered through base rates or

through an existing ECRC program, were sought for recovery through the ECRC. (Tr. 24, lines 4-17)

Mr. Bryant further established that the costs Tampa Electric will incur for the Big Bend FGD System Reliability Program meet the ECRC recovery criteria established by this Commission in Docket No. 930613-EI, Order No. PSC-94-004-FOF-EI in that:

- (a) all expenditures will be prudently incurred after April 13, 1993;
- (b) the activities are legally required to comply with a governmentally imposed environmental regulation enacted, became effective, or whose effect was triggered after the company's last test year upon which rates are based; and
- (c) none of the expenditures are being recovered through some other cost recovery mechanism or through base rates.

As Mr. Bryant testified, all expenditures associated with the Big Bend FGD Reliability Program clearly will occur after April 13, 1993. Further, these expenditures would not have to be incurred but for the 2010 and 2013 deadlines imposed by the Consent Decree. Finally, Mr. Bryant testified that Tampa Electric is not recovering and will not recover any of the requested ECRC expenditures through base rates or any other cost recovery mechanism. (Tr. 22, line 1 –Tr. 23, line 2)

Tampa Electric has clearly established in the record that its proposed method of cost recovery is appropriate and that all costs proposed to be collected through the ECRC mechanism are appropriate. The Commission should reaffirm its prior PAA decision to that effect.

POINT III

OPC'S WITNESSES' TESTIMONIES ARE DEFICIENT IN MANY RESPECTS AND SHOULD BE DISREGARDED IN THEIR ENTIRETY.

Ms. Patricia W. Merchant, testifying of behalf of OPC, did not provide any independent substantive testimony regarding the individual projects that make up Tampa Electric's Big Bend FGD System Reliability Program. Instead, she simply relied on the testimonies of OPC witnesses Stamberg and Hewson, the deficiencies of which are discussed later herein.

Despite the matters discussed in Ms. Merchant's testimony, the fact remains that Section 366.8255, Florida Statutes, and the Commission's decisions implementing the statutorily prescribed ECRC methodology, clearly contemplate ECRC cost recovery of incremental environmental compliance projects that meet the three-prong test discussed under Point II above. The record Tampa Electric has established provides a solid basis for the Commission's reaffirmation of its approval of the company's proposal to recover non-base rate portions of its Big Bend FGD System Reliability Program through the ECRC cost recovery methodology.

The record makes clear that the testimonies of OPC's two outside witnesses, Mr. Hewson and Mr. Stamberg, are, likewise, deficient. As Tampa Electric rebuttal witness Laura Crouch explained, Mr. Hewson first confuses the preliminary projects outlined in Tampa Electric's Phase I and Phase II FGD Optimization plans for optimizing the use of the Big Bend FGD systems prior to the Consent Decree deadlines with the subsequent improvements necessary to comply with the 2010 and 2013 deadlines for not operating Big Bend Units 1, 2 and 3 unscrubbed. As Ms. Crouch explained, there simply is no correlation between Tampa Electric's Phase I and Phase II FGD Optimization Plans and the company's current petition seeking ECRC cost recovery of the company's Big Bend FGD System Reliability Program. The Phase I and Phase II

Plans were created in response to an entirely different paragraph of the Consent Decree than Paragraph 40, which the Big Bend FGD System Reliability Program addresses. (Tr. 201, line 18 –Tr. 204, line 17). Mr. Hewson's apparent confusion in this regard renders meaningless his conclusions about which projects were or were not included (or should have been included) in the Phase I and Phase II Plans.

Mr. Hewson similarly errs in concluding that Tampa Electric's inclusion of four of the Big Bend FGD System Reliability Program projects in its quarterly reports to the EPA suggests that those projects are not needed to comply with the Consent Decree. As Ms. Crouch explained Tampa Electric's approach was to err on the side of reporting compliance projects in order to obtain further protection from EPA against litigation. Each of the four projects Mr. Hewson refers to is essential to Tampa Electric's compliance with the Consent Decree. As Ms. Crouch explained, were it not for the Consent Decree deadlines in 2010 for Big Bend Unit 3 and 2013 for Big Bend Units 1 and 2 to no longer operate these units unscrubbed, Tampa Electric would not need to invest in these four projects or the balance of the projects contained in the Big Bend FGD System Reliability Program. (Tr. 207, line 20 –Tr. 208, line 24)

By way of comparison, Tampa Electric's requirement to install SCR technology on Big Bend Units 1, 2 and 3 is specifically mandated by the Consent Decree if Tampa Electric is to continue combusting coal at Big Bend Station, which the company has elected to do. Nevertheless, the company included the SCRs in its quarterly reports to secure the safe harbor provision of Paragraph 44 of the Consent Decree. Tampa Electric's inclusion of the SCRs in its C.7 response in the quarterly reports did not render them "not required" by the Consent Decree, any more than including the four projects to which Mr. Hewson refers makes them "not required" by the Consent Decree. (Tr. 207, line 20 –Tr. 209, line 19)

The testimony of OPC's other outside witness, Mr. Stamberg, likewise, is significantly flawed. Mr. Stamberg apparently does not recognize or simply ignores the significant differences in the allowable operating parameters for Big Bend Units 1 through 3 before the 2010 and 2013 deadlines and the allowable operating parameters for those units after the Consent Decree deadlines. Before the deadlines, Tampa Electric is afforded an allowance of the number of days per year when it can operate the units unscrubbed whereas, after the deadlines pass, the company will have no choice but to shut down each of these critically important base load coal-fired generating units whenever the scrubber serving the unit is not operating. As Mr. Smolenski testified, this is a huge operational change that requires significant and creative preventive measures to ensure that customers continue to enjoy the low cost generation of these base load coal-fired units. (Tr. 217, line 16 –Tr. 218, line 10). Mr. Smolenski went on to provide examples of how the 2010 and 2013 deadlines in the Consent Decree significantly compound the risks of having to shut down base load coal-fired generation at Big Bend Station, absent the incremental protections the Big Bend FGD System Reliability Program will provide. (Tr. 218, line 12 –Tr. 219, line 5)

Consistent with his failure to recognize the compound risks that Mr. Smolenski described, Mr. Stamberg also erroneously assumes that the incidence of unit shutdowns prior to the 2010 and 2013 Consent Decree deadlines equates to the expected incidence of unit shutdowns after the deadlines have passed. This significant deficiency in his testimony ties directly to his failure to recognize the significant differences in permissible operating parameters before and after the 2010 and 2013 Consent Decree deadlines. Prior to the issuance of the Consent Decree, generating unit shutdowns were unrelated to scrubber failures. Even after the Consent Decree was entered, unit shutdowns prior to the deadlines are not attributable to

scrubber failures up through the number of unscrubbed days per year that Tampa Electric is allowed in the Consent Decree. It follows that the incidence of shutdowns prior to the Consent Decree, and during the effectiveness of the Consent Decree prior to the 2010 and 2013 deadlines, can in no way serve as a proxy for the anticipated number of unit shutdowns that would be required under the Consent Decree but for the remedial projects that make up the Big Bend FGD System Reliability Program. Again, Mr. Stamberg fails to acknowledge that the de-integration of scrubber/generating unit operations prior to the Consent Decree deadlines does not mandate a generating unit shutdown, whereas de-integration after the deadlines definitely will. Mr. Stamberg's "apples and oranges" comparison underscores the shallowness of his analysis.

Mr. Stamberg did not address or challenge the Tampa Electric Big Bend FGD System Reliability Study or its demonstration as to the cost-effectiveness of the 13 projects and the projected net savings to customers of approximately \$34 million over and above the costs of the projects themselves, nor does he dispute the fact that the acceleration of some of these projects to coincide with the installation of SCRs at Big Bend Station will give customers additional savings estimated at \$2.7 million. (Tr. 218, line 20 –Tr. 220, line 12)

Mr. Stamberg fundamentally errs in confusing the time of day reported for the commencement of an outage (expressed in military time, e.g., 15:30 hours) for the duration of an outage (expressed in total hours, e.g. 15 and ½ hours). This is a significant error that renders meaningless his conclusions about Tampa Electric's historical and projected outages. (Tr. 220, lines 14 – 22)

Like Mr. Hewson, Mr. Stamberg confuses the purpose of the Phase I and Phase II Plans with the 2010/2013 deadlines that necessitate the Big Bend FGD System Reliability Program. (Tr. 220, line 22 –Tr. 221, line 6)

The foregoing types of errors permeate Mr. Stamberg's analysis of the individual projects making up the Big Bend FGD System Reliability Program. For example, in his analysis of the Electrical Isolation Project, Mr. Stamberg completely overlooks the fact that this project is designed to avoid scrubber outages that are allowable prior to the 2010 and 2013 deadlines but which will cause multiple coal-fired unit outages after those deadlines pass. (Tr. 228, line 9 –Tr. 229, line 22)

Mr. Stamberg, likewise, errs in his characterization and criticism of the transformer installed as part of the Electrical Isolation Project. Mr. Stamberg's testimony attempts to recast the true intent of the Electrical Isolation Project as merely a new transformer project. In fact, the intent of the project is to segregate electric power supply systems such that a single power supply system failure does not cause two efficient base load coal-fired units to shut down but, instead, affects a single unit. As Mr. Smolenski testified, the new transformer is just a consequence of isolating the units. (Tr. 228, lines 9-20). As Mr. Smolenski also testified, the Electrical Isolation Project, including the transformer sized to serve incremental pollution control load, would not be necessary were it not for the requirements of the 2010 and 2013 deadlines in the Consent Decree. (Tr. 84, line 24 – Tr. 85, line 2; Tr. 225, lines 11-18)

Mr. Stamberg's criticism of the Variable Frequency ID Fan Drive Systems was clearly rebutted by Mr. Smolenski's testimony that they were selected based on a comprehensive study which proved them to be the most cost-effective alternative, from the perspective of Tampa Electric's customers. (Tr. 229, line 24 –Tr. 230, line 18)

Mr. Stamberg's criticisms of the Split Inlet and Split Outlet Duct Projects totally ignores the effect of the 2010 and 2013 Consent Decree deadlines and the fact that de-integration days

allowed prior to those deadlines will no longer be available after the deadlines pass. (Tr. 230, line 23 –Tr. 231, line 20)

Mr. Stamberg's criticisms of the Gypsum Fines Filter Project were rebutted by Mr. Smolenski's testimony that the project is needed to mitigate the decreased reliability brought about by the higher moisture content gypsum that would otherwise be produced. As to Mr. Stamberg's suggestion that this project was motivated by the desire to produce saleable gypsum to avoid landfill disposal costs, Mr. Smolenski explained that the company is presently selling all of the FGD gypsum it can produce. Thus, a desire to produce more saleable gypsum clearly was not a motivation for Tampa Electric's selection of the gypsum fines filter project. (Tr. 239, line 10 –Tr. 240, line 8). Moreover, as Mr. Smolenski testified, Tampa Electric's customers benefit from revenues Tampa Electric derives from its gypsum sales. (Tr. 92, lines 8-11)

In response to Mr. Stamberg's criticisms of the Big Bend Units 3 and 4 FGD Booster Fan Capacity Expansion, Mr. Smolenski explained that the present booster fans simply cannot accommodate the increase in flue gas flow produced as a result of the mandated SCR systems. (Tr. 242, line 25 –Tr. 243, line 23). Again, Mr. Stamberg's cursory analysis of the Big Bend FGD System Reliability Program and its various components must be weighed against the 22 plus years of Big Bend FGD system experience and careful studies upon which Tampa Electric based its decision making.

After addressing the various deficiencies in Mr. Stamberg's analysis, Mr. Smolenski reaffirmed his conclusion that all 13 projects comprising the Tampa Electric Big Bend FGD System Reliability Program clearly are needed to comply with the incremental environmental constraints that become effective in 2010 and 2013 under the Consent Decree. The projects have been designed, engineered and are being constructed in a manner that will comply with the

Consent Decree and, at the same time, do so in the most cost-effective way from the perspective of Tampa Electric's customers. (Tr. 245, lines 8 – 22).

It is clear from the record that the testimonies of Mr. Hewson and Mr. Stamberg are replete with fundamental errors that are symptomatic of what clearly is only a superficial review by OPC's witnesses of what Tampa Electric is proposing. It is from that superficial and error laden review that OPC's witnesses reach the equally erroneous conclusion that the costs of certain of the projects should be disallowed. OPC clearly has failed to establish any basis for departing from the Commission's prior approval of Tampa Electric's proposal.

POINT IV

THE COMMISSION SHOULD REAFFIRM ITS UNANIMOUS APPROVAL OF THE BIG BEND FGD SYSTEM RELIABILITY PROGRAM.

In its PAA order of July 10, 2006 approving the Big Bend FGD System Reliability Program, the Commission found that in developing this program Tampa Electric has initiated an economically justified and beneficial environmental compliance option for its ratepayers. The Commission further found that the Big Bend FGD System Reliability Program will allow for better utilization of the existing scrubbers and maintain generating unit availability at its existing level. Consequently, the Commission approved the program for cost recovery through the ECRC and approved implementation of the program in conjunction with the planned plant outages for installation of the previously approved SCR systems. The record in this proceeding provides an abundant evidentiary basis for the Commission to reaffirm its prior approval of this program.

As against any claim OPC may put forth that the specific projects comprising the program are not "specifically named" in the Consent Decree, the Commission has previously addressed the issue of specificity. In a 2002 order¹ the Commission approved for ECRC cost recovery Florida Power & Light Company's ("FPL's") Petition for Approval of Environmental Cost Recovery of its St. Lucie Turtle Net Project. In that decision the Commission noted that the license issued by the Nuclear Regulatory Commission ("NRC") for FPL to operate St. Lucie Unit No. 2 did not require FPL to conduct a bottom survey, or to dredge the cooling water canal, or install a sand pump in the vicinity of the turtle net. FPL proposed these activities for the purpose of avoiding failures of the nets similar to those that had occurred in the past. The Commission approved cost recovery for those projects, even though they were not specifically mentioned in the NRC license, observing:

The NRC license leaves almost all of the details of net design and installation up to FPL. For example, the license does not require FPL to install a new net made out of new material, but FPL is doing so. The license does not require tensioning towers to support the net such that it can drop to the bottom of the canal quickly when it becomes fouled with jellyfish and seaweed. FPL is doing this as well. These actions were undertaken to enhance the functioning of the net. These costs are recoverable through the ECRC even though they are not expressly required by the license. By requiring the net, and no other engineering details, the license impliedly requires that FPL take whatever measures are necessary to make the net work properly. (Order, at page 5)

In the instant case the Consent Decree imposes deadlines in 2010 and 2013 after which Tampa Electric will no longer be able to operate Big Bend Units 1 through 3 unscrubbed. The Consent Decree, like FPL's NRC license, does not presume to prescribe a list of compliance

¹ Order No. PSC-02-1421-PAA-EI issued October 17, 2002 in Docket No. 020648-EI; see, also, Consummating Order No. PSC-02-1557-CO-EI, issued in Docket No. 020648-EI on November 13, 2002, rendering final and effective the agency action proposed in the October 17, 2002 PAA Order.

projects to accomplish this mandate. Instead, the Consent Decree leaves it up to Tampa Electric to determine and implement the best means of complying with the deadlines and, at the same time, discharging its statutory obligation to continue providing safe, adequate, reliable and reasonably priced electric service to its customers. As the Commission previously observed in its PAA order in July of 2006, Tampa Electric has initiated an economically justified and beneficial environmental compliance option to meet these deadlines. The record compels a finding that each of the 13 projects comprising the Big Bend FGD System Reliability Program is an essential and cost-effective component of the overall plan. The record fully supports a reaffirmation of the Commission's prior approval of the Big Bend FGD System Reliability Program and each of its 13 component projects.

POST-HEARING STATEMENT OF ISSUES AND POSITIONS

BASIC POSITION

TECO: *The Commission should approve each of the thirteen projects that make up the Tampa Electric Company Big Bend FGD System Reliability Program for recovery in the manner described in Tampa Electric's positions on Issues 1 and 2 of this Post-Hearing Statement of Issues and Positions.*

ISSUE 1: Are the following projects in Tampa Electric Company's Big Bend FGD System Reliability Program costs or expenses incurred by Tampa Electric in complying with environmental laws or regulations and, therefore, entitled to be recovered under the environmental cost recovery clause pursuant to Section 366.8255, Florida Statutes?

- (a) Big Bend Units 1-4 Electric Isolation
- (b) Big Bend Units 3-4 Split Inlet Duct and Split Outlet Duct
- (c) Gypsum Fines Filter

TECO: *Yes. Each of the projects listed under subissues (a) (b) and (c) of Issue 1 is necessary to comply with environmental laws and regulations and therefore the

cost of the projects are entitled to be recovered through the Environmental Cost Recovery Clause pursuant to Section 366.8255, Florida Statutes.*

ISSUE 2: How should the following remaining projects in Tampa Electric Company's Big Bend FGD System Reliability Program be recovered?

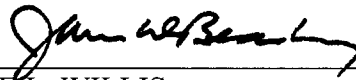
- (a) Big Bend Units 1-4 Mist Eliminator Upgrades
- (b) Big Bend Units 1-4 On-line Mist Eliminator Wash System
- (c) Big Bend Units 1-4 On-line Nozzle Wash System
- (d) Gypsum Filter Vacuum Pump Upgrades
- (e) Big Bend Units 1-2 Gypsum Blow Down Line
- (f) Controls Additions
- (g) Big Bend Units 3-4 FGD Booster Fan Capacity Expansion
- (h) Big Bend Units 1-2 Recycle Pump Discharge Isolation Bladders
- (i) Big Bend Units 1-2 Inlet Duct C-276 Wallpaper

TECO: *The Commission should approve the stipulated position of the parties on this issue set forth in the Prehearing Order. A copy of that stipulated position and the chart it incorporates are attached hereto as Exhibits A and B, respectively, and are incorporated herein by reference.*

WHEREFORE, Tampa Electric Company submits the foregoing Brief and Post-Hearing Statement of Issues and Positions and urges the Commission to reaffirm in all respects its unanimous approval of the Big Bend FGD System Reliability Program previously granted by way of proposed agency action on July 10, 2006.

DATED this 2nd day of April, 2007.

Respectfully submitted,



LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

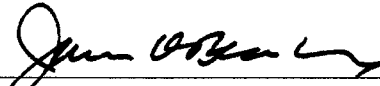
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Brief and Post-Hearing Statement of Issues and Positions, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 2nd day of April 2007 to the following:

Ms. Martha Carter Brown*
Office of General Counsel
Florida Public Service Commission
Room 370N – Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Mr. Myron Rollins
Black & Veatch Corporation
11401 Lamar Avenue
Overland Park, KS 66211

Ms. Patricia A. Christensen
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400



ATTORNEY

STIPULATED
POSITION AS TO ISSUE 2(from Prehearing Order)

The costs of the projects listed under Issue 2 (which exclude electric isolation, split inlet duct and outlet duct, and gypsum fines filter projects, should be recovered through the Big Bend FGD System Reliability (New) ECRC Program, the Big Bend Units 1 and 2 FGD System Reliability (Existing) ECRC Program and through base rates, allocated among the three methods of recovery in the manner shown in the chart entitled "Big Bend Flue Gas Desulfurization System Program Recovery of Expenditures-Revised" filed on March 16, 2006 by Tampa Electric, a copy of which is attached hereto and by reference made a part hereof. The allowance or disallowance of costs for recovery through base rates is appropriately decided in a base rate proceeding.

(OPC specifically does not stipulate to the reasonableness or prudence of costs or expenses that are identified as recoverable through base rates or that are subsequently recovered through base rates since issues related to base rate recovery are outside the scope of this petition.)

**Big Bend Flue Gas Desulfurization System Reliability Program
Recovery of Expenditures - Revised**

<u>Projects</u>	<u>Big Bend FGD System Reliability (New ECRC Program)</u>	<u>Big Bend Units 1&2 FGD (Existing Program)</u>	<u>Base Rates</u>
Big Bend Units 3-4 Split Inlet Duct	\$116,000		
Big Bend Units 3-4 Split Outlet Duct	4,829,000		
Big Bend Units 1-4 Mist Eliminator Upgrades		\$1,610,000	\$777,000
Big Bend Units 1-4 On-line Mist Eliminator Wash System	334,500	334,500	
Big Bend Units 1-4 On-line Nozzle Wash System	280,500	280,500	
Gypsum Fines Filter	2,866,000		
Gypsum Filter Vacuum Pump Upgrades		623,000	
Big Bend Units 1-4 Electric Isolation	3,300,000	3,300,000	
Big Bend Units 1-2 Gypsum Blow Down Line		284,000	
Controls Additions	203,000	203,000	
Big Bend Units 3-4 FGD Booster Fan Capacity Expansion			1,849,000
Big Bend Units 1-2 Recycle Pump Discharge Isolation Bladders		227,000	
Big Bend Units 1-2 Inlet Duct C-276 Wallpaper		234,000	
Total:	\$11,929,000	\$7,096,000	\$2,626,000