

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 110262-EI

PETITION FOR APPROVAL OF NEW
ENVIRONMENTAL PROGRAM FOR COST
RECOVERY THROUGH ENVIRONMENTAL
COST RECOVERY CLAUSE, BY TAMPA
ELECTRIC COMPANY.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 11

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, March 13, 2012

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

DOCUMENT NUMBER-DATE

01563 MAR 15 2012

P R O C E E D I N G S

* * * * *

1
2
3 **CHAIRMAN BRISÉ:** Now we are moving on to
4 Item No. 11, which is Docket No. 110262-EI. And
5 we're going to give everybody time to set up, and
6 then we're going to begin with Ms. Wu.

7 All right. Ms. Wu.

8 **MS. WU:** Good morning, Mr. Chairman and
9 Commissioners. Jenny Wu, Commission staff.

10 Item 11 addresses TECO's petition for
11 constructing a new gypsum storage facility and the
12 recovery -- the associated costs through the ECRC.

13 Staff recommends to approve the petition
14 because the proposed program satisfies the statutory
15 requirements and meet the criteria for ECRC cost
16 recovery.

17 Staff is available for questions. Also,
18 the company representatives are here for any
19 questions you may have.

20 **CHAIRMAN BRISÉ:** Thank you very much.
21 Commissioners? Commissioner Graham.

22 **COMMISSIONER GRAHAM:** Thank you, Mr.
23 Chairman. I guess I'll start off because I asked to
24 get this pulled.

25 I guess the first question just starts off

1 to TECO. To me, going through this item, I guess as
2 I was reading it and I was just looking at a, a spot
3 to -- a storage spot for gypsum that I thought it
4 was kind of overwhelming that it was \$55 million for
5 it. And so as I started digging a little deeper,
6 that it's on 27 acres, and my understanding that the
7 current site is on about 33 acres. And I had asked
8 staff to get some information to me as far what has
9 the production of the gypsum been over the past ten
10 years.

11 Now I just have five years in front of me.
12 I was just more curious on what things were like
13 back when the market was booming and everybody was
14 making gypsum board. I just -- I'm trying to get my
15 mind around this and it's kind of difficult right
16 now. So maybe somebody can kind of walk me through
17 how we got here.

18 **MR. BEASLEY:** Mr. Chairman, Commissioners,
19 James Beasley for Tampa Electric Company. With me
20 is Mr. Mark Hornick, Director of Planning,
21 Engineering and Construction for Tampa Electric. To
22 his left, Mr. Howard Bryant, who is Manager of Rates
23 for Tampa Electric Company.

24 We support the staff's recommendation and
25 we would certainly be pleased to respond.

1 Mr. Hornick, I think, is probably the best person to
2 address the actual physical layout of the, of the
3 gypsum storage area.

4 MR. HORNICK: Okay. Good morning,
5 Commissioners.

6 You asked about the history and kind of
7 how we got to the position we are.

8 The original unit that was built at Big
9 Bend that produced gypsum was Big Bend Unit 4, and
10 the facility, the existing facility that's out there
11 was sized for temporary gypsum storage for Unit --
12 for the Unit 4 production. That was back in -- help
13 me, Howard.

14 MR. BRYANT: '85.

15 MR. HORNICK: 1985. Subsequent to that,
16 in 1996, we integrated Big Bend Unit 3, which is
17 approximately the same size, same amount of gypsum
18 production into that scrubber, and used that same
19 existing storage area for gypsum storage.

20 In 1990, again we, we added a scrubber on
21 Big Bend's Units 1 and 2 and still use the same
22 storage area. So since, since 2000 we have been
23 using the same storage area that was originally
24 sized for one unit's production and now currently
25 has four units' production. We were able to manage

1 that situation over the years with kind of ebbs and
2 flows in the amount of working storage that we've
3 had.

4 As volatility has increased in the demand
5 of gypsum, that inventory has slowly grown, and in
6 recent years it's grown significantly. We need an
7 additional storage area in order to manage the
8 volume, manage the temporary imbalances between
9 supply and demand, and be able to just manage the
10 logistics out there at the site.

11 **MR. BEASLEY:** Commissioner Graham, I might
12 add that this is a significant project, but it's
13 significantly more cost-effective than any of the
14 alternatives that the company has been able to
15 evaluate for the disposal of this, this by-product.

16 The company has been recognized by your
17 staff in a recent report for being able to sell
18 approximately 86% of the gypsum by-product that we
19 have been producing. It is an essential by-product.
20 You can't run these units without generating this,
21 this gypsum by-product, and so it's very
22 cost-effective from that standpoint.

23 **COMMISSIONER GRAHAM:** Well -- Mr.
24 Chairman.

25 **CHAIRMAN BRISÉ:** Sure.

1 **COMMISSIONER GRAHAM:** First of all, I
2 don't want for anybody to think that I'm against the
3 product -- against the project. I'm just trying to
4 understand it.

5 My understanding is with this new site,
6 it's really just enough gypsum to hold for the next
7 five years; is that correct?

8 **MR. HORNICK:** Right. Approximately five
9 years, depending -- that would be at the current
10 rate of supply and demand, which is at a low ebb.
11 The demand is low because the current demand for
12 wall board, which is our primary market off-taker,
13 is down. We expect and we're pursuing additional
14 markets, so this should get us through this current
15 downturn and then allow us to manage this larger
16 volume of inventory really for the next 20, 20 to 30
17 years.

18 **COMMISSIONER GRAHAM:** So I take it during
19 all this analysis somebody looked into what it would
20 cost to landfill this stuff as well.

21 **MR. HORNICK:** Correct.

22 **COMMISSIONER GRAHAM:** And what -- how did
23 that work out? I ask these questions -- I haven't
24 seen these numbers. That's why I don't know.

25 **MR. HORNICK:** Okay. Yeah. In the

1 petition we did look at a permanent landfill option.
2 Landfill -- there are very few landfills that can
3 take this volume of material. One that we have used
4 before is in Okeechobee. There's a pretty
5 significant transportation expense, and I think it's
6 roughly \$40 a ton for each ton that's disposed, and
7 we currently produce about 700,000 tons. So
8 permanent disposal of that material is significantly
9 expensive.

10 In fact, we looked at four different
11 options when we tried to determine what the most
12 cost-effective choice for us was. We looked at the
13 one that, the one that is proposed in front of the
14 Commission here, which is a new storage area fed by
15 a conveyor. That new storage -- a second option was
16 a storage area fed by rail, which was more
17 expensive; a storage area fed by truck, which was
18 also more expensive. We also looked at fuel
19 switching, running lower sulfur coal in the units
20 because the gypsum production is a function of the
21 amount of sulfur really that comes in with the fuel.
22 So we could reduce potentially the amount of gypsum
23 produced in order to manage that supply and demand.
24 In balance, that was significantly more expensive
25 for, for the customer in order to make that fuel

1 switch.

2 And the offsite landfill option was
3 also -- in net present value, this was in the
4 petition, revenue requirements, the proposed storage
5 area was \$61 million. The offsite landfill was
6 \$259 million.

7 **COMMISSIONER GRAHAM:** Do you also have the
8 production for -- I have your production from 2007
9 to 2011. Do you have the five or six -- five years
10 prior to that? You said everything was online in
11 2000. So do you have 2001 through 2006?

12 **MR. HORNICK:** I don't believe I have that
13 with me here, Commissioner. It was similar levels
14 of production. That has been relatively consistent
15 over time. The demand is probably the higher level
16 of volatility.

17 **COMMISSIONER GRAHAM:** Well, I noticed,
18 just looking at the numbers I have in front of me,
19 your production has gone up about 10% in the last
20 year. What was the cause for that?

21 **MR. HORNICK:** In 2007, '08, '09, and
22 '10 we had projects underway to install SCRs at each
23 one of the units. So there was fairly significant
24 downtime on the units associated with that, so there
25 was less gypsum production in those years because of

1 the relatively long outages for each of the units.

2 So it's a function of how, how much the
3 unit runs, how much electricity the unit produces,
4 the coal, and then ultimately the sulfur content of
5 the coal. All those items influence the amount of
6 gypsum produced.

7 **COMMISSIONER GRAHAM:** Mr. Chairman.

8 **CHAIRMAN BRISÉ:** Sure.

9 **COMMISSIONER GRAHAM:** How time sensitive
10 is this?

11 **MR. HORNICK:** It's, it's quite time
12 sensitive. We are, as you can see from the figures,
13 this last year the marketed tons were 361,000, and
14 we produced nearly 720,000. So we continue to grow
15 the local inventory as we explore additional
16 markets.

17 Our primary off-taker is National Gypsum,
18 which has a facility immediately adjacent to the
19 plant. We are also actively pursuing agricultural
20 markets, and we've also got some pretty good
21 activity and some very positive activity in Central
22 America for agricultural use in that region.

23 **COMMISSIONER GRAHAM:** Actually I guess my
24 question is can you guys wait two to three weeks?

25 **MR. HORNICK:** Two to three weeks?

1 **COMMISSIONER GRAHAM:** Right.

2 **MR. HORNICK:** Well, this system is
3 intended to go into service in April of 2015. So we
4 are -- but we are moving forward with the
5 permitting. We're actively, you know, on a critical
6 path on the project. It would defer it two to three
7 weeks.

8 **COMMISSIONER GRAHAM:** So was that a yes or
9 no?

10 **MR. HORNICK:** I think that's probably a
11 yes. Two to three weeks, you know, in that, in that
12 time frame, we could deal with that. Yes, sir.

13 **COMMISSIONER GRAHAM:** Thank you.

14 Thank you, Mr. Chairman.

15 **CHAIRMAN BRISÉ:** Sure.

16 Commissioner Brown.

17 **COMMISSIONER BROWN:** Thank you. And thank
18 you, Commissioner Graham, for asking those
19 questions. You hit a few of the ones that I had.

20 Where is this facility? Where is the
21 proposed facility going to be located?

22 **MR. HORNICK:** It's located on the Big Bend
23 site. It's, it's actually east of the plant,
24 basically on the northeast corner roughly of the
25 facility. It's relatively close to the National

1 Gypsum plant that's adjacent to our site.

2 COMMISSIONER BROWN: Does TECO currently
3 own the land?

4 MR. HORNICK: Yes.

5 COMMISSIONER BROWN: Okay. Did you
6 consider a long, long-term solution to handling the
7 gypsum by-product other than those other
8 alternatives that you addressed?

9 MR. HORNICK: We considered a number of
10 alternatives. One of them was an offsite landfill,
11 and that was considerably more expensive. It's to
12 our customers' and the company's benefit to
13 beneficially reuse these by-products, and it's
14 something we, we try to do to the greatest extent
15 possible.

16 So just the cost of establishing an
17 offsite landfill and operating it was, was more
18 expensive. And as you landfill that product, you
19 basically take away the opportunity to beneficially
20 reuse it in the future.

21 COMMISSIONER BROWN: But those four
22 alternatives were the only ones that the company
23 evaluated?

24 MR. HORNICK: We evaluated three different
25 on site storage options, we evaluated the potential

1 to reduce gypsum production through fuel switching,
2 and we evaluated an offsite landfill.

3 COMMISSIONER BROWN: Okay. Thank you.

4 CHAIRMAN BRISÉ: Commissioner Balbis.

5 COMMISSIONER BALBIS: Thank you, Mr.
6 Chairman.

7 I just have one or two questions for TECO
8 on this. In the staff recommendation there is a
9 statement that the proposed facility will be
10 designed to meet current environmental regulations,
11 and we do have some pending EPA regulations dealing
12 with coal combustion residuals mainly dealing with
13 ash. But the question is will this proposed
14 facility meet those proposed rules as they're
15 written now or, or not?

16 MR. HORNICK: Yes, Commissioner, it will.
17 This is dry material storage. Most of the rules
18 that are being written are for wet impoundments that
19 have slurries that are stored in large ponds that
20 have berms that could potentially breach. This is
21 entirely different than that. It's a dry storage
22 facility. It will be bermed and it will be lined
23 such that the rainwater that falls on this site will
24 all be collected. Part of it has a dry dome
25 storage, and the conveyors are totally enclosed

1 conveyors to reduce dusting emissions.

2 But to the point of long-term storage on
3 site, it should meet those, those, those
4 requirements. And, in fact, we don't expect
5 long-term storage. This is just temporary working
6 storage.

7 **COMMISSIONER BALBIS:** Okay. And then
8 going along the lines of Commissioner Graham's
9 questions, the existing facility, and seeing that in
10 2011 there's been a difference between produced and
11 marketed of 350,000 tons, how much capacity is
12 available in the existing facility?

13 **MR. HORNICK:** Currently we have -- I'm
14 going by memory a little bit here -- I believe about
15 500,000 tons stored, give or take, subject to check.
16 At maximum facility size, you know, it really
17 depends on how you manage the acreage, somewhere
18 close to a million tons would probably be our
19 absolute maximum on that site.

20 **COMMISSIONER BALBIS:** And did the company
21 do an analysis -- you know, obviously you can either
22 lower the price for the gypsum when you market it or
23 even give it away, and the cost difference between
24 just giving it away to manage it versus the
25 55 million to build a new facility?

1 **MR. HORNICK:** Yeah. There's -- the
2 opportunity to give it away is limited as well.
3 Since it's highly sensitive to the transportation
4 economics, the further you get away from the supply
5 to the demand location, the transportation costs
6 start increasing. And really the, the actual price
7 for the commodity is relatively modest. It's \$4 to
8 \$5 a ton. So we basically work with the radius of,
9 of the market in terms of transportation.

10 Now that being said, we also are looking
11 at barge transfer from our site at Big Bend, which
12 helps the economic situation, and we can transport
13 gypsum, and have done one sale to Central America
14 for agricultural use. So we are pursuing those
15 options as well. So price is not really a barrier
16 to, to disposal of this material.

17 **COMMISSIONER BALBIS:** Price isn't a
18 barrier for disposal or for marketing?

19 **MR. HORNICK:** For marketing. Excuse me.
20 Yeah. Disposition. Disposal costs are based on
21 landfill pricing, which is significantly higher.
22 \$40 a ton versus -- negative versus \$5 a ton
23 positive for beneficial reuse.

24 **COMMISSIONER BALBIS:** Okay. Thank you,
25 Mr. Chairman. That's all I had. But, you know,

1 obviously if Commissioner Graham would like
2 additional time, I would not object to deferring
3 this item as well.

4 **CHAIRMAN BRISÉ:** Commissioner Graham.

5 **COMMISSIONER GRAHAM:** Thank you,
6 Mr. Chair.

7 Once again, I'm not against this project.
8 I'm just trying to get more information. So if it's
9 the will of the Commission, or the will of the
10 Chair, I'd like to see if we couldn't defer this for
11 two weeks until our next meeting. And I guess
12 that's the first question. I have one or two after
13 that.

14 **CHAIRMAN BRISÉ:** Okay. Before we go
15 there, let's -- Commissioner Edgar.

16 **COMMISSIONER EDGAR:** Thank you, Mr.
17 Chairman.

18 I was just going to chime in with that as,
19 recognizing that there are no critical dates, if
20 there's a desire by Commissioner Graham and others
21 to obtain more information, have more time to review
22 in order to either get more comfortable or not, I
23 certainly can support that.

24 I would ask, so that that time can be put
25 to good use, if we can maybe give a little more

1 direction to our staff and to the company as to what
2 type of additional information we're seeking.

3 **CHAIRMAN BRISÉ:** Sure. Thank you.

4 Ms. Kaufman, I suppose that you have
5 something that you have, would like to say.

6 **MS. KAUFMAN:** Thank you, Commissioner
7 Brisé.

8 Commissioners, Vicki Gordon Kaufman. I'm
9 here on behalf of the Florida Industrial Power Users
10 Group. And I'm glad that you are considering
11 deferring this item and maybe giving your staff some
12 direction. And if you'd indulge me, I just wanted
13 to give you FIPUG's perspective of this project.

14 First of all, I think, as Commissioner
15 Graham noted, it's a very expensive project.
16 \$55 million is going to go through the environmental
17 cost recovery clause, it's going to hit customers
18 right away. And we understand the environmental
19 implications I think, but we really have more
20 questions about the project than we do answers, and
21 maybe those will come out if additional time is
22 given.

23 One of them has to do with something that
24 you've already discussed, and that is the marketing
25 of the by-product. Tampa Electric says that they're

1 marketing it, and they mentioned one sale to
2 Argentina and they mentioned in their analysis that
3 they are trying to market some to agriculturals or
4 cement companies. I know that FIPUG would like to
5 see a lot more information on exactly what they are
6 doing to aggressively market this product. Because
7 I think -- and whether it's at a lower price point,
8 as Commissioner Balbis mentioned, or whatever, we'd
9 like to see exactly what they're doing to market
10 this product.

11 The information that was just provided
12 this morning that y'all looked at is historical
13 information. We'd like to understand what, what
14 they see, what they see the market being on a
15 going-forward basis. And we think that's important
16 because perhaps if the by-product was more
17 aggressively marketed, maybe we wouldn't need a
18 second facility, or perhaps more money would be
19 flowing back to the ratepayers to offset the
20 facility. And I'm assuming that any revenue they
21 receive for the by-product flows back through the
22 environmental cost recovery clause. I'd like to
23 have that confirmed. But that, that's my
24 assumption.

25 One of the questions that your staff asked

1 in discovery was whether Tampa Electric would be
2 willing to, I look at it as a sublease, but lease
3 out part of the facility to another electric
4 utility, whether there was any need for that. Tampa
5 Electric answered no. You know, I don't know if
6 that's even a possibility. Again, that's something
7 I'd like to see more information on.

8 Commissioner Brown talked about what
9 alternatives have been explored. One alternative,
10 and, again, I'm just asking questions here, is I
11 understand that the current facility, they've had
12 issues and perhaps it's not up to current
13 environmental standards. What about the alternative
14 of retrofitting or bringing that facility up to
15 where it needs to be? Again, \$55 million to build
16 what isn't even a permanent facility for the storage
17 seems, seems a lot to us.

18 One thing that Mr. Beasley touched on was
19 how this project is cost-effective. It's the most
20 cost-effective option for the ratepayers to deal
21 with the gypsum. And I'd refer you to the analysis
22 that was provided with the company's petition. It's
23 actually page 20, it's the very last page before the
24 affidavit, which is a spreadsheet. I'm not aware
25 that any information has been provided regarding the

1 assumptions that underlie these calculations or that
2 any analysis, independent analysis has been done as
3 to whether or not this is the most cost-effective
4 way to go.

5 So one thing I would also suggest is that
6 maybe we dig a little bit deeper and do some
7 analysis of this cost-effectiveness claim and assure
8 ourselves, feel more comfortable that, that this is
9 the right way to go.

10 Speaking from my own perspective, I
11 couldn't do much except look at this piece of paper.
12 There's really no way to judge, you know, whether
13 it's accurate, inaccurate. And we all know that if
14 assumptions change, it flows to the bottom line and
15 the costs may change and it may -- the analysis may
16 come out the same, it may not. We just don't know.

17 So I appreciate you listening to my
18 comments. And I would suggest to you that before
19 you even preliminarily approve a project like this,
20 really what we need is a lot more information about
21 it. Thank you.

22 **CHAIRMAN BRISÉ:** Thank you.

23 The Office of Public Counsel.

24 **MS. CHRISTENSEN:** I'm going to keep this,
25 this very brief. We were still in the process of

1 reviewing the recommendation and the petition, but
2 we would support additional information.

3 One of the -- in addition to the questions
4 that were raised by FIPUG that I think would be
5 beneficial to have those answers before this project
6 is approved, one of the other issues raised today
7 was that the new facility will hold gypsum for the
8 next five years. And I think for a project cost of
9 \$54 million, we would like to know, you know, how
10 long does TECO anticipate this new facility actually
11 serving the current customers. Because that would
12 obviously be very important in, in our view of
13 things of whether or not this is really a
14 cost-effective project. And I'm not sure that that
15 was intended to say that it would only be able to be
16 used for the next five years, or if that meant if
17 they didn't sell any, that it would only hold five
18 years' worth of gypsum.

19 I would certainly be much more concerned
20 if this new facility would only be useful and they
21 would have to come up with another solution in five
22 years versus, you know, this is the solution that we
23 anticipate will be useful along with the selling of
24 the gypsum for the next 20 to 30 years. So that
25 would be a question that if the Commission votes for

1 additional time, then I think that answer in any
2 future recommendation would certainly help us in our
3 review process. So I thank you for your time.

4 **CHAIRMAN BRISÉ:** Thank you very much. I
5 see Commissioner Graham's light, so Commissioner
6 Graham.

7 **COMMISSIONER GRAHAM:** Thank you,
8 Mr. Chair. I guess my first question is to you is
9 if, if we are going to defer this?

10 **CHAIRMAN BRISÉ:** Well, if that is the will
11 of, of the Commission, I have no objections to
12 deferring the item, seeing that, you know, it's not
13 critical in terms of being time sensitive. And I
14 think there are a lot of questions that could be
15 answered and the time would be beneficial, so I have
16 no qualms in deferring this issue to maybe the next
17 agenda or two agendas out -- two agendas out, so
18 that we can be able to gather all the information
19 that is necessary to arrive at a conclusion.

20 **COMMISSIONER GRAHAM:** Two agendas out
21 would be the --

22 **CHAIRMAN BRISÉ:** What date would that be?

23 **MR. WILLIS:** It would be April 10th.

24 **CHAIRMAN BRISÉ:** The April 10th agenda.

25 **COMMISSIONER GRAHAM:** I guess -- if I may.

1 **CHAIRMAN BRISÉ:** Sure.

2 **COMMISSIONER GRAHAM:** Does that cause a
3 problem for TECO?

4 **MR. BEASLEY:** Mr. Bryant would like to
5 respond.

6 **MR. BRYANT:** Howard Bryant. And, again,
7 thank you for allowing us to be here this morning.

8 Maybe three points of clarification, not
9 any of which is intended to suggest that we should
10 not delay, because I can understand the questions
11 and, and I'm fine with that, but -- and maybe this
12 will help Ms. Kaufman out as well.

13 I heard three things that just need to be
14 clarified. Number one was the question of any
15 revenues coming from this gypsum, what happens to
16 that revenue? And the answer is it is basically
17 split 50/50. 50% goes to the company, 50% goes back
18 to the customers because one of the two scrubbers
19 down there was paid for through the clause, and so
20 we find it appropriate for the revenues from that
21 gypsum to go back to the customers. And so it's
22 netted against the ECRC factor.

23 The second thing was the fact that the
24 cost of this project would immediately impact
25 customers. That's not quite true because it's

1 getting AFUDC treatment. And AFUDC treatment for
2 this particular project will not have it impacting
3 rates until 2015 when it actually goes in service,
4 roughly April of 2015.

5 And then the third item is the fact that,
6 yes, this is a rate increase, but it's important to
7 also understand that while this project is being
8 built, other capital projects are decreasing in
9 their net investment because they're aging. And so
10 as net investment decreases, so does the return on
11 those projects. And as that return goes down, that
12 means less money collected through the clause.

13 And so to the extent that this project is
14 putting upward pressure on rates, the, the aging, if
15 you will, or the reduction in net investment of the
16 other projects is causing the incremental difference
17 between the two to be somewhere in the neighborhood
18 of about 12 to 15 cents in 2015 when that rate
19 impact actually occurs. Now that's me using my
20 BlackBerry to do a calculation, and it takes -- you
21 know, fat fingers don't work too well, but I think
22 it's pretty close as to what the rate would be. So,
23 yes, it's expensive, but there is the offset
24 relative to the other projects. I just wanted to
25 throw that out so that we have that information

1 available to us.

2 **CHAIRMAN BRISÉ:** Commissioner Graham, I
3 think you're going to ask the same question I was
4 going pose, but go ahead.

5 **COMMISSIONER GRAHAM:** My original question
6 was is a four-week delay a problem?

7 **MR. BRYANT:** No.

8 **COMMISSIONER GRAHAM:** Thank you.

9 **CHAIRMAN BRISÉ:** And that was the question
10 I was going to pose. And I appreciate the
11 clarification on some of the issues. If we were
12 going to get into the discussion of the substance, I
13 was going to help bring some of those issues out.

14 But I think we can deal with the substance
15 of the discussion on April 10th, and so this item
16 will be deferred. I don't believe that that
17 requires a vote. I think that I can do that from
18 the bench as Chairman, so we will defer this item to
19 April 10th.

20 Commissioner Balbis.

21 **COMMISSIONER BALBIS:** Thank you, Mr.
22 Chairman. And if I could just give some direction
23 to staff on what additional information I would
24 like.

25 Looking at the company's petition, I think

1 I'm personally comfortable with the different
2 options they looked at as far as the
3 cost-effectiveness, whether it's the conveyor, the
4 rail, the truck, or switching to low sulfur coal. I
5 would like more information on the marketing of the
6 gypsum and any, any information that the company has
7 on what led them to the decision of going to this
8 option. So they have a lot of information on, okay,
9 we've made the decision to come up with an
10 alternative. Now what's the best alternative? So
11 from a marketing standpoint, any price sensitivity
12 analysis that has been done on the marketing and
13 additional information concerning that. That's all
14 I had.

15 **CHAIRMAN BRISÉ:** Commissioner Graham.

16 **COMMISSIONER GRAHAM:** Actually
17 Commissioner Balbis asked some of the same questions
18 I was looking for as far as giving direction to
19 staff.

20 The other thing is I would like to see the
21 production for the past, well, since 2000 when all
22 four scrubbers started to feed into there. If we
23 can get that information as well.

24 And I believe Commissioner Balbis asked
25 for all the engineering that went into the decision

1 that they made, and if we have a site plan where
2 they're proposing something a little bit better than
3 this thing was.

4 And I guess the other question I have is,
5 this is to legal, how do I go about communicating
6 with the company and still be in a quasi-judicial
7 manner? Do I need to do that with the other parties
8 involved? Can we do that on the tail end of maybe
9 our next IA? Or how, how is the legal and easiest
10 way for me to do that? Because they have a whole
11 lot of information. I want to be able to sit back
12 and talk to them and have a dialogue with, and this
13 is not necessarily the venue to do that.

14 **MS. HELTON:** So you want to have like a
15 question and answer type period? I'm thinking off
16 the top of my head maybe we could notice a workshop.
17 And I think if we did it today, there might be time
18 to do that prior to the two -- the Agenda Conference
19 that this has been deferred to. Then that would be
20 a noticed opportunity for anyone who is interested
21 to come in and participate, or maybe even some kind
22 of a notice to meeting. But I do think it would
23 have to be some type of a noticed meeting so that
24 all who are interested would have the opportunity to
25 listen to the dialogue.

1 **COMMISSIONER GRAHAM:** Can we tie it into
2 the next IA in two weeks since we're deferring for
3 four weeks?

4 **MS. HELTON:** Let me see if Samantha is in
5 here. Just a second.

6 (Pause.)

7 Once again, those FAW notice requirements
8 are kind of creating a little bit of a wrinkle for
9 us.

10 I do think that, because you would be
11 present, that an FAW notice would need to be
12 published. We can send an FAW notice to the clerk
13 today, but it would not be published until -- hold
14 on just a second -- the 23rd. So the soonest that
15 we could have a noticed meeting would be the week of
16 April the 2nd, and that would be after the next IA.
17 So the answer to your question, the very long about
18 way, is, no, it could not be after the next IA.

19 **COMMISSIONER GRAHAM:** Thank you, Mr.
20 Chairman.

21 **CHAIRMAN BRISÉ:** No problem.

22 Commissioner Brown.

23 **COMMISSIONER BROWN:** Thank you. And I
24 would like to see a little bit more analysis of the
25 cost-effectiveness of the, all the alternatives that

1 the company proposed, as well as the possibility, as
2 FIPUG raised, of retrofitting the current facility.
3 So just a little more in-depth analysis than what we
4 already got.

5 **CHAIRMAN BRISÉ:** Commissioner Edgar.

6 **COMMISSIONER EDGAR:** Thank you, Mr.
7 Chairman.

8 And I do recognize that we've made the
9 decision to bring this back another time and to
10 have, if there's still an interest, to have more of
11 a substantive discussion on this at that point in
12 time after additional information has been gathered.
13 But we do have all of the parties here today, so if
14 there are more specific points, questions, or
15 dialogue, this is certainly an opportunity to do
16 that so that we can make, as I said earlier, a good
17 use of the time between now and April 10th.

18 I did hear some questions raised by FIPUG
19 and OPC and at the bench, some of which have been
20 covered. One of which, I believe, was is there an
21 opportunity to lease a portion of the land in order
22 to offset? Another one was how long is the benefit
23 to the current customers? What does happen in five
24 years? And I would also like a little more
25 information on the point that was just raised about

1 the revenue coming back on the 50/50 and what it is
2 that directs that or where the authority for that
3 allocation lies.

4 I recognize that, you know, environmental
5 projects are often very, very expensive, and often
6 it is hard to, not impossible, but sometimes
7 difficult to quantify all of the other direct and
8 indirect benefits that come from those projects.
9 But my understanding of the statutes and our
10 requirements is that very simply per the statute if
11 a project is the most cost-effective alternative and
12 is required by other environmental, legal
13 requirements, that then the ECRC is an appropriate
14 mechanism to allocate those costs.

15 I would like the staff to, when the item
16 comes back, give a little more information, if you
17 can, in the analysis as to what environmental
18 requirements this project meets or falls under as
19 required by -- I do note from the analysis that it
20 mentions the Clean Air Act and the consent decree,
21 but I think a little more specificity would help
22 with the analysis from my standpoint. Thank you.

23 **CHAIRMAN BRISÉ:** Thank you, Commissioner
24 Edgar.

25 Mary Anne.

1 **MS. HELTON:** Thank you, Mr. Chairman.

2 Ms. Cibula has come up with another
3 perhaps way that Chairman Graham -- I mean
4 Commissioner Graham can get some of his questions
5 answered.

6 We could add to the agenda, posted agenda
7 for the next Agenda Conference this docketed matter,
8 schedule it for the end of the conference and any
9 questions could be asked then, and then we could
10 then move it to the April 10th agenda for a vote, if
11 that would help any.

12 **CHAIRMAN BRISÉ:** Commissioner Graham.

13 **COMMISSIONER GRAHAM:** Well, if we're, if
14 we're going to have the information back here on the
15 next agenda in two weeks, I'd be more than willing
16 to make that vote in two weeks. I mean, I thought
17 maybe staff needed the two meetings or the four
18 weeks in between.

19 **MS. HELTON:** I guess a lot of it depends
20 on how long it will take the company to turn the
21 information around and whether staff has any
22 additional questions. I thought you were just also
23 looking for an opportunity to ask some more
24 additional questions.

25 **COMMISSIONER GRAHAM:** We'll make this

1 simple. I like your idea.

2 **MR. MURPHY:** Could I get a clarification?
3 So we're anticipating coming back without a
4 recommendation in, to the next agenda. So there
5 would be not be a rec. It would just be an
6 opportunity for interaction?

7 **MS. HELTON:** Well, I guess maybe the best
8 thing to do is in an abundance of caution, place the
9 recommendation on the next agenda. Then if you all
10 are comfortable voting then, you can do that. But
11 if you want to digest the information that you've
12 obtained, then we could also bring it back for the
13 April 10th agenda. I don't know how much, how long
14 it's going to take for the company to gather this
15 information.

16 **MR. WILLIS:** Commissioner, if I could just
17 add, my intent is that we -- staff will go back and
18 we will basically codify all the questions that
19 we've heard today, probably re-listen to the tape to
20 make sure we have all those questions down. We're
21 going to submit those in writing through Mr. Murphy
22 and the company to make sure that they all are
23 answered. I don't know what the company's time
24 frame would be on all those. But our intent, once
25 we get those back, would be to provide the

1 Commissioners with a packet of all that information.

2 **CHAIRMAN BRISÉ:** I think it would be
3 appropriate to hear from the company to see if that
4 timeline makes sense for, for you.

5 **MR. BEASLEY:** Mr. Chairman, I think with
6 written requests to give the staff time to do that
7 and get it to us and responses back, for you to have
8 time to look at it, I think four weeks would be
9 better than, than two weeks.

10 **CHAIRMAN BRISÉ:** Okay. That was my
11 instinct. So we will keep things as they are for
12 the 10th of April. And as for the issue of having
13 information available to Commissioners as necessary,
14 I guess the 10th will be that date. And I don't
15 know if, based upon the answer that we've gotten
16 from the company, I don't know that having something
17 noticed for the next agenda will satisfy the intent
18 of what Commissioner Graham was seeking. So I don't
19 know that that serves us any purpose at this
20 juncture. Okay?

21 Commissioner Graham.

22 **COMMISSIONER GRAHAM:** Thank you,
23 Mr. Chair.

24 I think for simplicity I can get the
25 information I need through staff. If staff doesn't

1 have enough information, I can send them back to the
2 company again, and we can do all that prior to the
3 meeting on the 10th.

4 **CHAIRMAN BRISÉ:** Thank you very much.

5 **MS. HELTON:** And, Mr. Chairman, if I could
6 just state for the record that that information
7 would also need to be posted on the, the docket file
8 and the website so there's no ex parte issues. And
9 then, of course, staff could also provide it to
10 FIPUG and OPC, who are here today and obviously have
11 expressed an interest in the docket.

12 **MR. WILLIS:** Commissioners, as soon as the
13 information is available and uploaded onto the web
14 for all to see, we'll make sure that you get copies
15 well prior in advance. So if you have further
16 questions, we can work with you to facilitate the
17 answers.

18 **CHAIRMAN BRISÉ:** Thank you.

19 Commissioner Edgar.

20 **COMMISSIONER EDGAR:** Thank you.

21 I just wanted to clarify that my
22 preference would be for the analysis portion of the
23 recommendation to be supplemented with, in written
24 form with some of the information that then comes in
25 that our staff has reviewed.

1 **CHAIRMAN BRISÉ:** Thank you.

2 **MR. WILLIS:** We'll be happy to do that.

3 **CHAIRMAN BRISÉ:** Commissioner Balbis.

4 (No response.)

5 All right. I think we've hammered that
6 out, okay, sufficiently.

7 Moving forward to item number 13. Thank
8 you very much, and thank you for your cooperation
9 and indulgence in this matter.

10 (Agenda item concluded.)

11 * * * * *

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, LINDA BOLES, RPR, CRR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

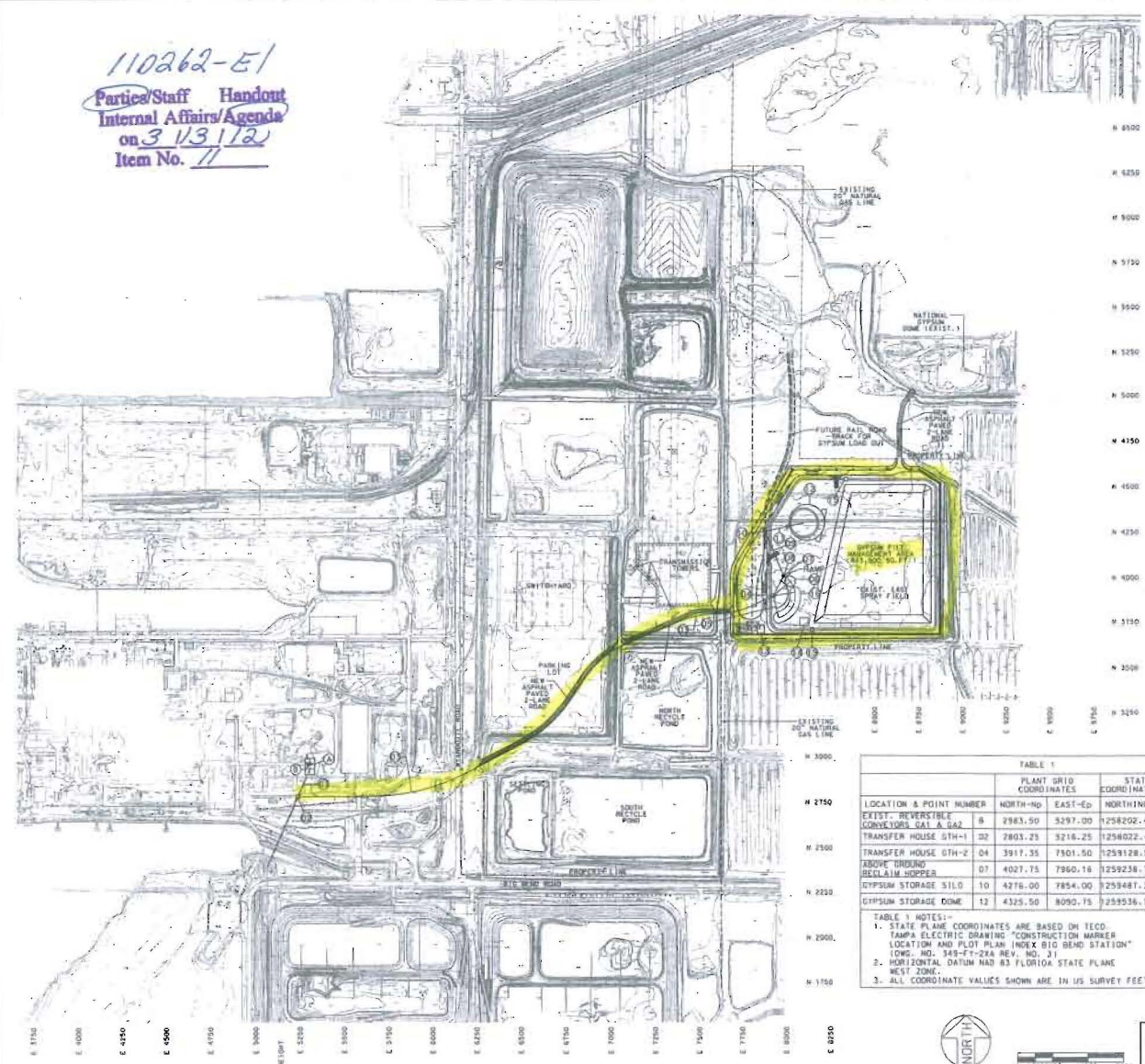
8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that
10 the same has been transcribed under my direct
11 supervision; and that this transcript constitutes a
12 true transcription of my notes of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties,
15 nor am I a relative or employee of any of the parties'
16 attorneys or counsel connected with the action, nor am
17 I financially interested in the action.

18 DATED THIS 15th day of March,
19 2012.

20 Linda Boles
21 LINDA BOLES, RPR, CRR
22 FPSC Official Commission Reporter
23 (850) 413-6734
24
25

110262-E1
 Parties/Staff Handout
 Internal Affairs/Agenda
 on 3/13/12
 Item No. 11



NO.	DESCRIPTION	SIZE (APPROXIMATE)
01	CONVEYOR C-1, 30"W, 300 TPH	217 FT. LONG
02	TRANSFER HOUSE GTH-1 (ENCLOSED)	20FT x 20FT x 40FT HIGH
03	42" DIA. PIPE CONVEYOR C-2, 300 TPH	3055 FT. LONG
04	TRANSFER HOUSE GTH-2 (ROOF ONLY)	20FT x 30FT x 40 FT HIGH
05	EAST 40 RADIAL STACKER CONVEYOR C-3, 30"W, 300 TPH	125' LG
06	GYPSUM STORAGE CONICAL PILE BY RADIAL STACKER	1000 TONS @ TO PCF DENSITY
07	ABOVE GRADE RECEIVING AND RECLAIM HOPPER	20 TON NET CAPACITY
08	WELL FEEDER DOME-1 36"W, 15 TO 100 TPH	15 FT. LONG
09	CONVEYOR C-4, 30"W, 300 TPH	270 FT. LONG
10	GYPSUM STORAGE SILO WITH TRUCK LOAD OUT	14 FT. DIA. CAPACITY 100 TON
11	CONVEYOR C-5, 30"W, 300 TPH	225 FT. LONG
12	GYPSUM STORAGE DOME WITH TWO (2) OPENINGS IN THE WALL FOR TRUCKS AND FRONT END LOADERS ACCESS	200' DIA. x 90' HIGH 20,000 TONS @ GRADE CAP. @ TO PCF DENSITY
13	SAFT x 45 FT 600 BYPRODUCT STORAGE AREA BUILDING	E.L. HOOM, BATTERY ROOM, BREAK ROOM, COMPRESSION ROOM AND UTILITY ROOM
14	MOBILE EQUIPMENT WASHDOWN PAD	
15	TWO (2) STORM WATER COLLECTING SUMPS WITH 2X1000 CAPACITY PUMPS IN EACH SUMP	
16	GYPSUM STORAGE PILE BY RADIAL STACKER	8800 TONS @ TO PCF DENSITY
A	WASTE HANDLING BUILDING EXISTING	
B	REVERSIBLE CONVEYORS (G11) AND (G12) EXISTING	

LEGEND

- ASPHALT PAVED ROAD
- CRUSHED STONE OR GRAVEL ROAD OR AREA SURFACING
- DUST SCREENING FENCE
- TRAFFIC FLOW DIRECTION

- NOTES**
- THE HORIZONTAL COORDINATE SYSTEM FOR THE SITE PLAN IS THE PLANT GRID COORDINATE SYSTEM.
 - THE VERTICAL DATUM FOR THE TOPOGRAPHY IS THE PLANT VERTICAL DATUM.
 - PLANT DATUM E.L. = NAVD 88 DATUM E.L. +1.97'. BASED ON PLANT BENCHMARKS 101, 102, AND 103.

REFERENCE DRAWINGS

PRELIMINARY
 NOT FOR CONSTRUCTION

CONTRACTOR/INSTALLER SHALL TAKE ALL APPROPRIATE PRECAUTIONS TO ENSURE THE SAFETY OF ALL PEOPLE LOCATED ON THE WORK SITE, INCLUDING CONTRACTOR/INSTALLER'S PERSONNEL, FOR THAT OF ITS SUBCONTRACTOR(S) PERFORMING THE WORK.

TAMPA ELECTRIC
 FILE 110-018-02-008

TABLE 1

LOCATION & POINT NUMBER	PLANT GRID COORDINATES		STATE PLANE COORDINATES (NOTE 1)	
	NORTH-ND	EAST-ED	NORTHING	EASTING
EXIST. REVERSIBLE CONVEYORS G11 & G12	8	2583.50	3297.00	1258202.42/526951.19
TRANSFER HOUSE GTH-1	32	2803.23	3218.25	1258022.44/526875.81
TRANSFER HOUSE GTH-2	04	3917.35	7301.50	1259128.03/529568.46
ABOVE GRADING RECLAIM HOPPER	07	4027.75	7860.18	1259238.74/529627.45
GYPSUM STORAGE SILO	10	4276.00	7854.00	1259487.32/529522.03
GYPSUM STORAGE DOME	12	4325.50	8090.75	1259536.10/529758.82

- TABLE 1 NOTES:**
- STATE PLANE COORDINATES ARE BASED ON TECO, TAMPA ELECTRIC DRAWING "CONSTRUCTION MARKER LOCATION AND PLOT PLAN (BIG BEND STATION)" (DWG. NO. 349-FY-234 REV. NO. 3)
 - HORIZONTAL DATUM NAD 83 FLORIDA STATE PLANE WEST ZONE.
 - ALL COORDINATE VALUES SHOWN ARE IN US SURVEY FEET.



DESIGN RELEASE RECORD

REV	DATE	BY	PREPARED	REVIEWED	APPROVED	PURPOSE
0	11-13-2011	S. MARI	J. PEREZ			REVISED PER ECT COMMENTS
1	08-03-2012	S. MARI	S. DUNN/J. PEREZ			REVISED GYPSUM PILE HEIGHT AND AREA
2	03-01-2012	S. MARI	S. DUNN			FINAL COMMENTS TO ECT AND T&E

DESIGN RELEASE RECORD

REV	DATE	BY	PREPARED	REVIEWED	APPROVED	PURPOSE
0	05-30-2011	S. MARI	S. MARI			DELETED FUTURE GYPSUM TRUCK LOADING SILO & CONVEYORS. REV. 102 REPLACED WITH REV. A
1	08-03-2011	S. MARI	S. DUNN			FOR ECT COMMENTS
2	08-31-2011	S. MARI	S. DUNN			ISSUED FOR ECT USE
3	09-13-2011	S. MARI	S. DUNN			FOR T&E AND ECT COMMENTS
4	09-28-2011	S. MARI	S. DUNN			PLANT COORDINATE ADDED
5	10-07-2011	S. MARI	J. PEREZ			STATE PLANE COORDINATE AND FUTURE RAILROAD DRAWING ADDED. ISSUES TO T&E AND ECT

TECO
 TAMPA ELECTRIC

SCALE: 1"=250'

PROJECT NUMBER: _____

DATE: _____

SITE PLAN
 GYPSUM HANDLING SYSTEM
 UNITS 1, 2, 3 & 4
 BIG BEND POWER STATION
 TAMPA ELECTRIC CO

DESIGNED BY: S. MARI
 DRAWING NO: 110-018-02-008
 SHEET NO: 1

TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S INFORMAL DATA REQUEST
REQUEST NO. 1
PAGE 1 OF 1
FILED: MARCH 13, 2012

1. Please provide the drawings of Tampa Electric's gypsum storage area. Also, provide the following gypsum related details for 2007 through 2011: 1) tons produced per year, 2) tons marketed, 3) revenues from the sale of gypsum, and 4) difference between gypsum produced and marketed.

A. Please see the table below.

Year	Produced (Tons)	Marketed (Tons)	Sales Revenue (\$)	Difference (Tons)
2007	655,887	683,090	2,517,237	(27,203)
2008	683,537	585,787	2,949,187	97,750
2009	560,300	444,401	2,216,892	115,899
2010	662,530	533,921	2,129,724	128,609
2011	719,982	361,234	1,667,124	358,748