

State of Florida



Public Service Commission

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COMMISSION
CLERK

DATE: March 15, 2012
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Charles Murphy, Senior Attorney, Office of the General Counsel *CM*
RE: Docket Number 110262 - Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.

Please place the attached document in the docket file.

CWM

Attachment Tampa Electric Company's Answers to First Set of Interrogatories of PSC Staff Staff's Second Data Request

DOCUMENT NUMBER-DATE

01581 MAR 15 2012

FPSC-COMMISSION CLERK

**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. 110262-EI
FILED: January 17, 2012**

**TAMPA ELECTRIC COMPANY'S
ANSWERS TO FIRST SET OF INTERROGATORIES (NOS. 1-7)
OF
FLORIDA PUBLIC SERVICE COMMISSION STAFF**

Tampa Electric files this its Answers to Interrogatories (Nos. 1-7) propounded and served on December 16, 2011, by the Florida Public Service Commission Staff.

DOCUMENT NUMBER-DATE

01581 MAR 15 2012

FPSC-COMMISSION CLERK

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
INDEX TO STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1 -7)**

<u>Number</u>	<u>Witness</u>	<u>Subject</u>	<u>Bates Stamped Page</u>
1	Hornick	Please refer to item 8 of the Petition. Assuming that the FGD systems at the Big Bend Station will have the same amount of excess (after sales) gypsum by-product as it had in the past two years, when will the proposed gypsum storage facility reach exhaustion?	1
2	Hornick	Referring to item 9 of the Petition: a. Please provide a detailed breakdown of the component activities that comprise the estimated \$365,000 of annual O&M expenses. b. Will there be any permanent positions created for operating the proposed facility? If so, how many positions will be created?	2
3	Bryant	Referring to page 13 of Exhibit A of the Petition, please provide the estimated residential customer bill impacts (\$/1000 KWH) associated with the proposed storage facility for five years consecutively beginning with the estimated in-service date.	3
4	Hornick	Based on pages 3 (item 8) and 12 (Exhibit A) of the Petition, it appears that the proposed 27 acre new storage facility will be built on-site at the Big Bend Station. a. Has TECO determined the exact location of the new facility? b. For what purpose is the aforementioned 27-acre land currently being used now? c. What is the size of the existing gypsum storage facility?	4
5	Hornick	Does TECO need to obtain a permit from any regulatory body for construction and operation of the proposed gypsum storage facility? If so, from whom?	5
6	Hornick	Has TECO considered using the proposed storage facility for either of the following purposes after it is placed in-service in 2015? a. Accept gypsum produced by generating units located at other TECO plants TECO? Please explain. b. Accept gypsum produced by generating units of other electric companies? Please explain.	6

7	Hornick	If the response to 6.b. is affirmative, will the associated profits be flowed back to the customers through the ECRC? If not, please explain why not.	7
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Howard Bryant
Manager, Rates

Mark Hornick
Director, Planning, Engineer and Construction

Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 1
PAGE 1 OF 1
FILED: JANUARY 17, 2012**

1. Please refer to item 8 of the Petition. Assuming that the FGD systems at the Big Bend Station will have the same amount of excess (after sales) gypsum by-product as it had in the past two years, when will the proposed gypsum storage facility reach exhaustion?

A. Assuming the FGD systems at Big Bend Station will have the same amount of excess gypsum by-product as it had in the last two years, the proposed gypsum storage facility is forecasted to reach full capacity in approximately 3.5 years. However, it is important to recognize that the demand for gypsum by-product fluctuates up and down and that the excess (after sales) gypsum accumulations over the last two years are not reflective of the demand for this product over time. Other periods in the past have seen gypsum demand exceed supply resulting in net decreases in the amount of gypsum being stored. Because of these fluctuations in demand for gypsum by-product the company has been able to use its existing storage facility for many years until the gypsum storage needed for the additional gypsum production from Big Bend units 1-3 began exhausting the existing gypsum storage capacity. The existing storage capacity would have been exhausted much sooner if Tampa Electric stored the excess gypsum on site and had not actively sought to market this by-product.

The new gypsum storage area addition is not being designed as a permanent storage area. It is intended to provide an appropriate amount of "working storage" to manage temporary imbalances in supply and demand. The previous two years' excess production is an example of the volatility in the supply/demand relationship that has occurred in history. The company expects these fluctuations in demand will continue going forward and that the proposed new gypsum storage area will adequately accommodate the company's working storage area needs.

Tampa Electric's ability to continue selling gypsum by-product for other uses is clearly the most cost effective alternative for its customers going forward. Constructing the new storage facility is an essential ingredient for the pursuit of that alternative.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 2
PAGE 1 OF 1
FILED: JANUARY 17, 2012**

- 2.** Referring to item 9 of the Petition:
 - a.** Please provide a detailed breakdown of the component activities that comprise the estimated \$365,000 of annual O&M expenses.
 - b.** Will there be any permanent positions created for operating the proposed facility? If so, how many positions will be created?

- A.**
 - a.** The estimated annual O&M expenses of \$365,000 listed in item 9 of the petition include \$175,000 for maintenance of conveyor belts, rollers, head and tail pulleys, belt scrappers/cleaners, tracking/alignment issues, and other mechanical components; \$125,000 for drive motors, gear boxes, electrical equipment and related cabling; and \$65,000 for control systems, lighting, and structural steel repairs. This annual average estimate is based on the company's previous experience operating and maintaining this type of equipment. It is not anticipated this level of expenditure will be required during the early years of operation.
 - b.** There will no new permanent positions created for operating the new storage facility.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 3
PAGE 1 OF 1
FILED: JANUARY 17, 2012**

- 3.** Referring to page 13 of Exhibit A of the Petition, please provide the estimated residential customer bill impacts (\$/1000 KWH) associated with the proposed storage facility for five years consecutively beginning with the estimated in-service date.
- A.** Please see the table below for the 2015 through 2019 estimated residential bill impact for 1,000 kWh associated with the proposed storage facility. Although Tampa Electric will incur costs associated with the proposed storage facility prior to 2015, due to the AFUDC treatment of construction work-in-process no expenditures will flow through the ECRC before its in-service date of 2015.

Year	Residential Rate \$/1,000 kWh
2015	0.52
2016	0.50
2017	0.48
2018	0.46
2019	0.45

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 4
PAGE 1 OF 1
FILED: JANUARY 17, 2012**

- 4.** Based on pages 3 (item 8) and 12 (Exhibit A) of the Petition, it appears that the proposed 27 acre new storage facility will be built on-site at the Big Bend Station.
- a.** Has TECO determined the exact location of the new facility?
 - b.** For what purpose is the aforementioned 27-acre land currently being used now?
 - c.** What is the size of the existing gypsum storage facility?
- A.**
- a.** Yes. The proposed storage facility is to be located on Tampa Electric's property east of Big Bend Station.
 - b.** The location of the proposed storage facility is currently not in use. The site was previously used as a spray field for Big Bend Station.
 - c.** Tampa Electric's existing gypsum storage facility is approximately 35 acres.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 5
PAGE 1 OF 1
FILED: JANUARY 17, 2012**

- 5. Does TECO need to obtain a permit from any regulatory body for construction and operation of the proposed gypsum storage facility? If so, from whom?**
- A. Tampa Electric needs to obtain permits from the following regulatory bodies for construction and operation of the proposed gypsum storage facility:**

State

A Power Plant Site Certification Modification will be issued by the Florida Department of Environmental Protection ("FDEP"), providing all state environmental approvals. These approvals will include Industrial Wastewater, Air, Environmental Resources (wetlands and stormwater), Potable Water and Construction Dewatering.

Federal

A Federal Air Permit will be issued by the FDEP under its program delegation from the U.S. Environmental Protection Agency and a Clean Water Act Section 404 Dredge and Fill Permit will be issued by the U. S. Army Corps of Engineers.

County

A Rezoning Permit will be issued by the Hillsborough County Planning and Growth Management Department upon approval by the Hillsborough County Board of County Commissioners.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 6
PAGE 1 OF 1
FILED: JANUARY 17, 2012**

- 6.** Has TECO considered using the proposed storage facility for either of the following purposes after it is placed in-service in 2015?
- a.** Accept gypsum produced by generating units located at other TECO plants TECO? Please explain.
 - b.** Accept gypsum produced by generating units of other electric companies? Please explain.
- A.**
- a.** No. The generating units at Big Bend Station are the only Tampa Electric units that produce gypsum and will be the only units utilizing the proposed gypsum storage facility.
 - b.** No. The new gypsum storage facility is designed solely for Tampa Electric's needs and will not be used for other electric companies' generating units.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 110262-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 7
PAGE 1 OF 1
FILED: JANUARY 17, 2012**

- 7.** If the response to 6.b. is affirmative, will the associated profits be flowed back to the customers through the ECRC? If not, please explain why not.

- A.** As stated in response to Interrogatory No. 6b, Tampa Electric will not be accepting gypsum from other electric companies; therefore, no profits will flow back to customers.

A F F I D A V I T

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

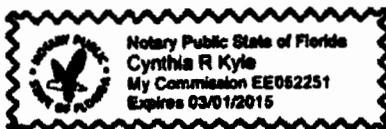
Before me the undersigned authority personally appeared Howard Bryant who deposed and said that he is Manager - Rates, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to Staff's First Set of Interrogatories, (Nos. 1 - 7) prepared or assisted with the responses to these interrogatories to the best of his information and belief.

Dated at Tampa, Florida this 13th day of January, 2012.

Howard T. Bryant

Sworn to and subscribed before me this 13th day of January, 2012.

Cynthia R. Kyle



My Commission expires _____