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July 28, 2017

**VIA: ELECTRONIC FILING**

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

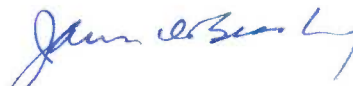
Re: Tampa Electric Company's Petition for Approval of the Second Phase of its CCR Program for Cost Recovery through the Environmental Cost Recovery Clause

Dear Ms. Stauffer:

Attached for filing in the above-styled matter is Tampa Electric Company's Petition for Approval of the Second Phase of its CCR Program for Cost Recovery through the Environmental Cost Recovery Clause.

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company )  
for approval of the second phase of its CCR )  
Program for cost recovery through )  
the Environmental Cost Recovery Clause. )  
\_\_\_\_\_ )

DOCKET NO. \_\_\_\_\_

FILED: July 28, 2017

**PETITION OF TAMPA ELECTRIC COMPANY FOR APPROVAL OF  
THE SECOND PHASE OF ITS CCR PROGRAM FOR COST RECOVERY  
THROUGH THE ENVIRONMENTAL COST RECOVERY CLAUSE**

Tampa Electric Company ("Tampa Electric" or "the company"), by and through its undersigned counsel, and pursuant to Section 366.8255, Florida Statutes, and Florida Public Service Commission ("Commission") Order Nos. PSC-94-0044-FOF-EI and PSC-94-1207-FOF-EI, hereby petitions the Commission for approval of the costs identified under the second phase of the company's approved environmental compliance program - Coal Combustion Residuals Compliance Program ("CCR Program") – for cost recovery through the Environmental Cost Recovery Clause. In support of its Petition, the company states:

1. Tampa Electric is an investor-owned electric utility subject to the Commission's jurisdiction pursuant to Chapter 366, Florida Statutes. Tampa Electric serves retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties in Florida. The Company's principal offices are located at 702 North Franklin Street, Tampa, Florida 33602.

2. The persons to whom all notices and other documents should be sent in connection with this docket are:

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3. On April 17, 2015 the Environmental Protection Agency ("EPA") published the Coal Combustion Residuals ("CCR") Rule. The effective date of the rule was October 19, 2015, by which time Tampa Electric Company's Big Bend Power Station was required to begin compliance with the rule's requirements. The rule establishes minimum criteria for the safe disposal of CCR in landfills and surface impoundments. The rule is self-implementing with an effective date of October 19, 2015.

4. On October 15, 2015 Tampa Electric petitioned the Commission for approval of its first phase of compliance with the Environmental Protection Agency's final CCR rule with that program entitled CCR Program. The company's petition sought recovery for various initial phases of Tampa Electric's compliance with the rule including O&M expenses associated with groundwater monitoring plan, inspections and signage; impoundment and liner evaluations; slag fines pond closure and lining; north gypsum stackout enhancements; and engineering costs associated with future impoundment and CCR facility improvements. That petition was approved by the Commission's issuance on February 9, 2016 of its Order No. PSC-16-0068-PAA-EI in Docket No. 150223-EI, followed by consummating Order No. PSC-16-0094-CO-EI issued March 7, 2016.

5. Tampa Electric has proceeded with and continues to implement the CCR compliance projects described in the first phase of the company's CCR Program which was approved in Order No. 16-0068. All of the activities described in this petition are separate and apart from and not covered by the first phase of the company's CCR Program approved in Order No. 16-0068. None of the costs of the proposed CCR Program - Economizer Ash Pond Closure

were included in Tampa Electric's ECRC cost recovery projections for 2017. The company requests approval of its petition and will include 2017 costs in its actual/estimated forecast and final annual true-up to reflect the costs for this second phase of the project and begin recovering those costs in 2018 factors.

6. Subsequent to approval of its 2015 petition, Tampa Electric has now determined that the Big Bend Economizer Ash & Pyrites Ponds (“EAPP”), one of its CCR management units for which cost estimates were not previously available, must be closed in order to comply with the provisions of the CCR Rule. Additionally, Tampa Electric has now completed the engineering study (for which O&M costs were approved) required to evaluate alternatives and estimate closure costs for this CCR unit. Set forth below is a description of the regulatory requirements for closure and details of the conceptual closure plan and expense estimates.

7. As previously described in Tampa Electric's 2015 petition and in additional data provided to the Commission, the CCR Rule establishes minimum criteria for CCR landfills, surface impoundments and all lateral expansions of CCR units to require location restrictions, liner design criteria, structural integrity requirements, operating criteria, groundwater monitoring and corrective action requirements and recordkeeping, and notification and internet posting requirements, which, if not met, can trigger closure of a CCR unit.

8. Upon careful consideration of the allowable alternatives for closure of CCR units in the rule, Tampa Electric has decided to perform “closure through removal” of the CCRs contained in the EAPP under the provisions of Section §257.102 (c) of the rule. This section states: “...An owner or operator may elect to close a CCR unit by removing and decontaminating all areas affected by releases from the CCR unit. CCR removal and decontamination of the CCR unit are complete when constituent concentrations throughout the

*CCR unit and any areas affected by releases from the CCR unit have been removed and groundwater monitoring concentrations do not exceed the groundwater protection standard established pursuant to § 257.95(h) for constituents listed in appendix IV to this part”.*

9. Tampa Electric believes that the closure of this unit by removal of all CCRs is the best closure option for the following reasons:

- Eliminates potential for releases to be caused by storm damage;
- Assures future compliance with groundwater protection standards;
- Protects surface water quality from the risk of future releases;
- Protects manatees and other marine life that use the adjacent Big Bend discharge canal as a sanctuary during winter months;
- Eliminates thirty-year post-closure care and monitoring and associated O&M expenses;
- Assures that the ash will not need to be removed later at a higher cost if regulations become more stringent or groundwater protection standards are not met; and
- Takes advantage of currently available offsite disposal capacity in a permitted landfill, which may not be available in the future.

10. Section 257.60(a) of the rule requires a five-foot separation between the base of any CCR impoundment and the uppermost aquifer. Water level data collected during Tampa Electric’s groundwater monitoring programs for the EAPP combined with review of design information for the unit demonstrates that the bottom of the EAPP is significantly less than five feet from the seasonal high-water table (i.e. “uppermost aquifer”). Because the EAPP does not meet operational criteria, Tampa Electric is required to pursue remediation actions to bring the unit into compliance with the rule for continued operation of the unit or close the unit down. The cost to bring the unit into compliance for continued use would far exceed the cost of closure, because it would include all of the activities required for closure plus the cost of preparing the unit for continued use as an impoundment. Rather than incurring these "continued use" costs, Tampa Electric has determined that the closure and remediation of the EAPP is the best means of

complying with the CCR Rule. Therefore, Tampa Electric has posted a notice of intent to close the EAPP by October 19, 2021.

11. Based on the contract engineers' preliminary analysis, the estimated total cost for closure by removal of the EAPP is approximately \$30 million. This total consists of approximately \$4.2 million for construction and restoration of the area and \$25.8 million for transportation and disposal of the excavated CCRs (approximately 700,000 cu. yds.) in a permitted offsite landfill. (See Table 1 for a detailed cost estimate.)

Table 1

Description of Work	Capital Costs (\$)	O&M Costs (\$)	Total Costs (\$)
Dewatering & Excavation	-	2,714,800	2,714,800
CCR Transport & Disposal	-	25,752,000	25,752,000
Engineering	400,000	-	400,000
Site Restoration	1,009,000	-	1,009,000
Post Closure Groundwater Demonstration/Monitoring	-	116,400	116,400
Total	1,409,000	28,583,200	29,992,200

12. The Commission's policy for cost recovery approval of an ECRC eligible project is set forth in Order No. PSC-94-0044-FOF-EI issued January 12, 1994 in Docket No. 930613-EI, In re: Gulf Power Company, ("the Gulf Order") as follows:

Upon petition, we shall allow the recovery of costs associated with an environmental compliance activity through the environmental cost recovery factor if:

1. such costs were prudently incurred after April 13, 1993:
2. the activity is 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,

3. such costs are not recovered through some other cost recovery mechanism or through base rates.

13. The proposed second phase of Tampa Electric's CCR Program qualifies for ECRC cost recovery under the Gulf Order. The costs of the program will be prudently incurred after April 13, 1993. The company's planned activity under this second phase of the CCR Program is legally required to comply with the EPA's CCR Rule which was adopted and became effective after the company's last test year upon which rates are based. None of the costs proposed under this second phase of the CCR program are recovered through some other cost recovery mechanism or through base rates.

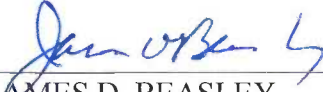
14. The Economizer Ash Closure Project is a compliance activity associated with the company's previously approved CCR Program. As such, O&M expenditures to complete this project should be allocated to appropriate rate classes on an energy basis, and capital expenditures to complete this project should be allocated to appropriate rate classes on a demand basis.

15. Tampa Electric is not aware of any disputed issues of material fact relative to the matters set forth in this Petition or any relief requested.

WHEREFORE, Tampa Electric Company respectfully requests the Commission to approve the company's proposed CCR Rule Economizer Ash Closure Project as the second phase of its approved CCR Program and the company's recovery of the capital and O&M costs of this project through the ECRC in the manner described herein.

DATED this 28<sup>th</sup> day of July 2017.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY