

AUSLEY McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

123 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

March 13, 2019

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

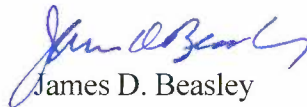
Re: Docket No. 20180231-EI; Petition for approval of the big bend south gypsum storage area closure project for cost recovery through the environmental cost recovery clause, by Tampa Electric Company

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Responses to Staff's Third Data Request (Nos. 1-6), dated March 6, 2019.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Attachment

cc: Emily Knoblauch (w/attachment)

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180231-EI
STAFF'S THIRD DATA REQUEST
REQUEST NO. 1
PAGE 1 OF 2
FILED: MARCH 13, 2019**

1. Please refer to page 7, paragraph 15 of TECO's petition and provide responses for the following questions.
 - a. When did TECO determine "that the CCR Rule is applicable to the SGSA and that this closure project is required by the rule?"
 - b. When did TECO begin to incur the expenses associated with the closure project?

- A.
 - a. After thoughtful consideration, Tampa Electric has made a prudent decision to modernize Big Bend Unit 1 to a clean-burning, natural-gas-fired, combined cycle unit ("Big Bend Modernization Project"). The reduction in coal burned and greater use of natural gas at the station resulted in the SGSA no longer being used or useful as a beneficial reuse storage area, which triggered the environmental requirement to close the SGSA under the CCR Rule. Tampa Electric concluded a thorough evaluation of the SGSA's regulatory status in late November 2018 and determined that the unit is regulated under the CCR Rule. The SGSA's new status as a regulated unit triggered other provisions of the rule, including groundwater monitoring and data evaluation. The company's evaluation of the groundwater monitoring data for the unit under the rule's provisions revealed exceedances of Appendix IV groundwater protection standards ("GPS") in early December 2018, resulting in the conclusion that the CCR Rule's closure and corrective action requirements are applicable to the SGSA closure project. Subsequently, Tampa Electric prepared and submitted its petition for this project on December 26, 2018.

As stated above, this project is required by the CCR Rule. The CCR Rule requirement was triggered by the company's decision to modernize the Big Bend units because the SGSA is no longer useful as a beneficial reuse storage area and is therefore no longer exempt from the closure and corrective action requirements of the Rule. This is consistent with the qualifications for ECRC recovery as stated in Order No. 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:

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180231-EI
STAFF'S THIRD DATA REQUEST
REQUEST NO. 1
PAGE 2 OF 2
FILED: MARCH 13, 2019**

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, [emphasis added]
3. such costs are not recovered through some other cost recovery mechanism or through base rates.

Precedent also supports approving the company's request. For example, in 2006, the Commission found that Tampa Electric's FGD Reliability Program costs were eligible for recovery through the ECRC, by Order No. PSC-06-0602-PAA-EI, issued July 10, 2006. This project provided cost recovery for scrubbers at Big Bend Units 1 through 3, after the company notified the EPA that Big Bend Station would continue to combust coal. This prudent decision triggered paragraph 40 of the Consent Decree, which stated that Tampa Electric could not operate its base load coal plants at Big Bend without scrubbers after 2010 and 2013, for Big Bend Unit 3 and Big Bend Units 1 and 2, respectively.

- b. Tampa Electric began to incur SGSA Closure Project expenses shortly after FDEP approval was received and the project work began.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180231-EI
STAFF'S THIRD DATA REQUEST
REQUEST NO. 2
PAGE 1 OF 1
FILED: MARCH 13, 2019**

2. Please complete Table 1 below to provide the estimated residential customer bill impact resulting from \$10.7 million as TECO discussed on page 7, paragraph 15 of its petition.

Table 1: Estimated Residential Customer Bill Impact
Associated with \$10.7 M SGSA Activities

	¢ / 1,000 kWh	¢ / 1,200 kWh
2020		
2021		
2022		
2023		

A.

Table 1: Estimated Residential Customer Bill Impact
Associated with \$10.7 Million SGSA Activities

	¢ / 1,000 kWh	¢ / 1,200 kWh
2020	54 cents	65 cents
2021	Less than 1 cent	Less than 1 cent
2022	Less than 1 cent	Less than 1 cent
2023	Less than 1 cent	Less than 1 cent

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180231-EI
STAFF'S THIRD DATA REQUEST
REQUEST NO. 3
PAGE 1 OF 1
FILED: MARCH 13, 2019**

- 3.** Please refer to paragraph 8 of TECO's petition. If TECO continued operating the SGSA as a gypsum storage area for beneficial reuse, what would be the yearly cost of maintaining the SGSA?
 - A.** If the SGSA were able to remain in compliance with the CCR Rule, the estimated annual cost of operating and maintaining the SGSA as a beneficial reuse area would be approximately \$90,000. However, testing of groundwater has shown that contamination exists; and while an exact estimate of future financial impacts would be difficult to produce it is reasonable to expect that penalties and remediation costs would drive the annual cost higher. Continuing to use the SGSA as a storage area is no longer allowable. Since testing of groundwater as required by the rule has shown that Groundwater Protection Standards are being exceeded, closure and remediation of the SGSA must be completed.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180231-EI
STAFF'S THIRD DATA REQUEST
REQUEST NO. 4
PAGE 1 OF 1
FILED: MARCH 13, 2019**

- 4.** Has TECO decided how to utilize the area/storage site where the SGSA used to be located? If yes, please explain how the area will be utilized.
 - A.** Tampa Electric has not made a decision regarding the future use of the SGSA site. The current focus is to address environmental matters, and when the closure is completed, the SGSA will be restored to a greenfield area.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180231-EI
STAFF'S THIRD DATA REQUEST
REQUEST NO. 5
PAGE 1 OF 1
FILED: MARCH 13, 2019**

- 5.** Is TECO planning to start a project in the area where the SGSA used to be located before completing the closure by removal?
 - A.** Tampa Electric has no plans to start a project at the SGSA site before the closure is complete.

**TAMPA ELECTRIC COMPANY
DOCKET NO. 20180231-EI
STAFF'S THIRD DATA REQUEST
REQUEST NO. 6
PAGE 1 OF 1
FILED: MARCH 13, 2019**

- 6.** Please refer to TECO's petition paragraph 15, page 7. When did TECO submit a closure plan to FDEP?
 - A.** Tampa Electric submitted the SGSA Closure Plan to FDEP on February 14, 2018. The plan was approved by FDEP on March 1, 2018.