



Public Service Commission

ORIGINAL

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DATE: June 17, 1998
TO: Lee Willis, Esquire
 Vicki Gordon Kaufman, Esquire
FROM: Grace A. Jaye, Attorney, Division of Legal Services *MOQUE*
RE: Docket No. 980693-EI - Petition by Tampa Electric Company for approval of cost recovery for a new environmental program, the Big Bend Units 1 & 2 Flue Gas Desulfurization System.

Via Facsimile

The following is a list of staff's preliminary issues to be discussed at tomorrow's issue identification meeting. The meeting will be held at 9:30 a.m. in Room 362 of the Gerald Gunter Building.

1. Has Tampa Electric Company (TECO) adequately explored alternatives to the construction of a Flue Gas Desulfurization (FGD) system on Big Bend Units 1 and 2?
2. Is the purchased power forecast used by TECO in its selection of a Clean Air Act Amendments of 1990 (CAAA) Phase II Compliance plan reasonable?
3. Is the energy forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
4. Is the load forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
5. Is the fuel price forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
6. Is the Demand Side Management (DSM) forecast used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?
7. Are the economic and financial assumptions used by TECO in its selection of a CAAA Phase II Compliance plan reasonable?

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8. Did TECO reasonably consider the environmental compliance costs for all regulated air, water and land pollutants in its selection of the proposed FGD system on Big Bend Units 1 and 2 for sulfur dioxide (SO₂) compliance purposes?
9. Has TECO demonstrated that its proposed FGD system on Big Bend Units 1 and 2 for SO₂ compliance purposes is the most cost-effective alternative available?
10. What return on equity (ROE) should TECO be allowed to earn on the capital investment costs for the proposed FGD system on Big Bend Units 1 and 2?
11. What is the appropriate overall rate of return for the recovery of the capital investment costs for the proposed FGD system on Big Bend Units 1 and 2?
12. Should the Commission approve TECO's request for recovery of allowance for funds used during construction (AFUDC) for the proposed FGD system on Big Bend Units 1 and 2?
13. Should the Commission approve TECO's request for recovery of the proposed FGD system on Big Bend Units 1 and 2 over a ten-year period?
14. What is the appropriate depreciation rate for the proposed FGD system on Big Bend Units 1 and 2?
15. What should be the date of implementation for the depreciation rate for the proposed FGD system on Big Bend Units 1 and 2?
16. Based on the resolution of the previous issues, should TECO's petition for cost recovery of a FGD system on Big Bend Units 1 and 2 through the Environmental Cost Recovery Clause (ECRC) be granted?
17. Should this docket be closed?