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October 15, 2018

VIA: ELECTRONIC FILING

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

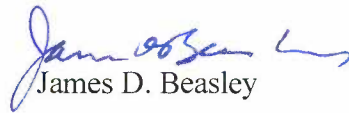
Re: Environmental Cost Recovery Clause  
FPSC Docket No. 20180007-EI

Dear Ms. Stauffer:

Attached for filing in the above docket is Tampa Electric Company's Prehearing Statement, submitted this date on account of Hurricane Michael.

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost )  
Recovery Clause. )  
\_\_\_\_\_ )

DOCKET NO. 20180007-EI  
FILED: October 15, 2018

**TAMPA ELECTRIC COMPANY'S  
PREHEARING STATEMENT**

**A. APPEARANCES:**

JAMES D. BEASLEY  
J. JEFFRY WAHLEN  
Ausley McMullen  
Post Office Box 391  
Tallahassee, Florida 32302

On behalf of Tampa Electric Company

**B. WITNESSES:**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Penelope A. Rusk (TECO)	Final true-up for period ending December 31, 2017; estimated true-up for period January 2018 through December 2018; projections for period January 2019 through December 2019	1, 2, 3, 4, 5, 6, 7, 8
	Tariff approval	13
	Treatment of revenues for Big Bend Unit 1 Section 316(b) Impingement Mortality project	12B

	Treatment of revenues for Big Bend ELG Rule Compliance	12D
2. Paul L. Carpinone (TECO)	Qualification of environmental activities for ECRC recovery	3, 12A, 12C

**C. EXHIBITS:**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(PAR-1)</u>	Rusk	Final Environmental Cost Recovery Commission Forms 42-1A through 42-9A for the period January 2017 through December 2017
<u>(PAR-2)</u>	Rusk	Environmental Cost Recovery Commission Forms 42-1E through 42-9E for the Period January 2018 through December 2018
<u>(PAR-3)</u>	Rusk	Environmental Cost Recovery Calculation of Factors and Select Forms for the Period January 2018 through December 2018 Without the Company's Two New Projects
<u>(PAR-4)</u>	Rusk	Environmental Cost Recovery Forms 42-1P through 42-8P Forms for the Period January 2019 through December 2019
<u>(PAR-5)</u>	Rusk	Environmental Cost Recovery Calculation of Factors and Select Forms for the Period January 2019 through December 2019 Without the Company's Two New Projects

**D. STATEMENT OF BASIC POSITION**

**Tampa Electric Company's Statement of Basic Position:**

The Commission should approve the compliance programs described in the testimony and exhibits of Tampa Electric witnesses Rusk and Carpinone for environmental cost recovery. The Commission should also approve Tampa Electric's calculation of its environmental cost recovery final true-up for the period January 2017 through December 2017, the actual/estimated

environmental cost recovery true-up for the current period January 2018 through December 2018, and the company's projected ECRC revenue requirement and the company's proposed ECRC factors for the period January 2019 through December 2019.

## **E. STATEMENT OF ISSUES AND POSITIONS**

### **Generic Environmental Cost Recovery Issues**

**ISSUE 1:** What are the final environmental cost recovery true-up amounts for the period January 2017 through December 2017?

**TECO:** The appropriate final environmental cost recovery true-up amount for this period is an over-recovery of \$1,498,666. (Witness: Rusk)

**ISSUE 2:** What are the actual/estimated environmental cost recovery true-up amounts for the period January 2018 through December 2018?

**TECO:** The actual/estimated environmental cost recovery true-up amount for the period is an over-recovery of \$13,472,483. (Witness: Rusk)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2019 through December 2019?

**TECO:** The appropriate amount of environmental costs projected to be recovered for the period January 2019 through December 2019 is \$57,919,982. (Witnesses: Rusk; Carpinone)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2019 through December 2019?

**TECO:** The total environmental cost recovery amount, including true-up amounts, for the period January 2019 through December 2019 is \$42,980,454 after the adjustment for taxes. (Witness: Rusk)

**ISSUE 5:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2019 through December 2019?

**TECO:** The depreciation rates used to calculate the depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service with the exception of Big Bend Fuel Oil Tanks 1 & 2 which were retired in 2016 and will be depreciated over a five-year period from the date of retirement. (Witness: Rusk)

**ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2019 through December 2019?

**TECO:** Energy: 100.00%  
Demand: 100.00% (Witness: Rusk)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2019 through December 2019 for each rate group?

**TECO:** The appropriate environmental cost recovery factors are as follows:

<b><u>Rate Class</u></b>	<b><u>Factor (¢/kWh)</u></b>
RS	0.222
GS, CS	0.221
GSD, SBF	
Secondary	0.220
Primary	0.218
Transmission	0.216
IS	
Secondary	0.217
Primary	0.214
Transmission	0.212
LS1	0.217
Average Factor (Witness: Rusk)	0.221

**ISSUE 8:** What should be the effective date of the new environmental cost recovery factors for billing purposes?

**TECO:** The factors shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2019 through December 2019. Billing cycles may start before January 1, 2019 and the last cycle may be read after December 31, 2019, so that each customer is billed for twelve months regardless of when the adjustment factors became effective. These charges shall continue in effect until modified by subsequent order of this Commission. (Witness: Rusk)

**ISSUE 13:** Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

**TECO:** Yes. (Witness: Rusk)

**ISSUE 14:** Should this docket be closed?

**TECO:** Yes.

**Company Specific Environmental Cost Recovery Issues**

**Tampa Electric Company (TECO)**

**ISSUE 12A:** Should TECO be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Big Bend Unit 1 Section 316(b) Impingement Mortality project?

**TECO:** Yes. On April 26, 2018, Tampa Electric petitioned for recovery of prudently incurred costs associated with the Big Bend Unit 1 Section 316(b) Impingement Mortality project, which is required under Section 316(b) of the Clean Water Act. The projected activities and costs are prudent and should be approved for recovery through the ECRC. (Witness: Carpinone)

**ISSUE 12B:** How should costs associated with TECO's proposed Big Bend Unit 1 Section 316(b) Impingement Mortality project be allocated to rate classes?

**TECO:** The capital expenditures should be allocated to rate classes on a demand basis, and operation and maintenance expenses should be allocated to rate classes on an energy basis. For 2018 and 2019, only capital expenditures are projected, so all costs will be allocated on a demand basis. (Witness: Rusk)

**ISSUE 12C:** Should TECO be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Big Bend Station Effluent Limitations Guidelines (ELG) Rule Compliance project?

**TECO:** Yes. On May 9, 2018, Tampa Electric petitioned for recovery of prudently incurred costs associated with the Big Bend Station ELG Rule Compliance project, which are required under the Steam Electric Power Generating Effluent Limitations Guidelines Rule. The projected activities and costs are prudent and should be approved for recovery through the ECRC. (Witness: Carpinone)

**ISSUE 12D:** How should costs associated with TECO's proposed Big Bend Station ELG Rule Compliance project be allocated to rate classes?

**TECO:** The capital expenditures should be allocated to rate classes on a demand basis, and operation and maintenance expenses should be allocated to rate classes on an energy basis. For 2018 and 2019, only capital expenditures are projected, so all costs will be allocated on a demand basis. (Witness: Rusk)

**F. STIPULATED ISSUES**

**TECO:** None at this time.

**G. MOTIONS**

**TECO:** None at this time.

**H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY**


**TECO:** None at this time.

**I. OTHER MATTERS**

**TECO:** None at this time.

DATED this 15<sup>th</sup> day of October 2018.

Respectfully submitted,

  
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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company has been furnished by electronic mail on this 15<sup>th</sup> day of October 2018 to the following:

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