

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: February 19, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Lewis, King, Ramos, Smith II) *TB*
Office of the General Counsel (Marquez) *SPS*

RE: Docket No. 20250149-EI – Petition for approval of Big Bend Clean Water Act Section 316(b) study, for cost recovery through the environmental cost recovery clause, by Tampa Electric Company.

AGENDA: 03/03/26 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On December 29, 2025, Tampa Electric Company (TECO or Company) petitioned the Florida Public Service Commission (Commission) for approval of its Big Bend Clean Water Act Section 316(b) Study (Study) for cost recovery through the Environmental Cost Recovery Clause (ECRC). TECO states that the Study is required to comply with Section 316(b) of the Clean Water Act. TECO expects the Study to be completed by March 2029.

The U.S. Environmental Protection Agency (EPA) adopted a rule pursuant to Section 316(b) of the Clean Water Act on September 7, 2004, establishing requirements to reduce mortality of aquatic organisms caused by cooling water intake structures (CWIS) at existing power plants. In 2004, TECO requested Commission approval for cost recovery through the ECRC for a Comprehensive Demonstration Study, which was needed to comply with the new EPA

regulation. TECO's ability to seek cost recovery for that study was authorized by the Commission in Docket No. 20041300-EI.¹

The 2004 Section 316(b) rule changes were challenged and the EPA published a final rule regarding Section 316(b) (EPA Rule or Rule) on August 15, 2014, which outlined the requirements for CWIS at existing facilities.² The EPA Rule requires that the best technology available be applied to the design and operation of CWIS to minimize adverse impacts to aquatic life. In 2018, TECO petitioned the Commission for cost recovery through the ECRC for its Big Bend Unit 1 Section 316(b) Impingement Mortality project in order to comply with the EPA Rule. The Commission approved ECRC cost recovery for the Big Bend project.³ TECO explains that even though its National Pollutant Discharge Elimination System (NPDES) permit was administratively continued in 2018, the Company decided to go ahead with the Impingement Mortality Project as part of its ongoing Big Bend Modernization Project.

On August 27, 2025, the Florida Department of Environmental Protection (DEP) issued a final NPDES permit for TECO's Big Bend Power Station (Big Bend) which contained conditions for compliance with the EPA Rule. TECO states the primary focus of the Study is to confirm that its Big Bend Mortality Project meets the requirements of Section 316(b) and to provide the DEP with information it will use to determine compliance requirements in TECO's next NPDES permit. TECO is requesting approval of its Study in order to comply with the permit conditions outlined in its NPDES permit.

Pursuant to Section 366.8255, Florida Statutes (F.S.), the Florida Legislature authorized the recovery of environmental compliance costs prudently incurred by investor-owned electric utilities through the ECRC. The method for cost recovery for such costs was first established by Order No. PSC-94-0044-FOF-EI, issued on January 12, 1994. The Commission has jurisdiction over this matter pursuant to Section 366.8255, F.S.

¹ Order No. PSC-05-0164-PAA-EI, issued February 10, 2005, in Docket No. 20041300-EI, *In re: Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.*

² Federal Register, Volume 79, No. 158, pp. 48300–48439, codified at Title 40, Part 125, Subpart J, Code of Federal Regulations.

³ Order No. PSC- 2018-0594-FOF-EI, issued December 20, 2018, in Docket No. 20180007-EI, *In re: Environmental cost recovery clause.*

Discussion of Issues

Issue 1: Should the Commission approve Tampa Electric Company's petition for approval of the Big Bend Clean Water Act Section 316(b) Study for cost recovery through the Environmental Cost Recovery Clause?

Recommendation: Yes. Staff recommends that TECO's Big Bend Clean Water Act Section 316(b) Study is necessary to comply with the EPA Rule. Consistent with prior ECRC orders, operation and maintenance (O&M) costs associated with the Study should be allocated to appropriate rate classes on an energy basis. (Lewis)

Staff Analysis: The EPA Rule establishes requirements for CWIS at existing facilities. The Rule requires that the best technology available be applied to the design and operation of CWIS to minimize impingement mortality⁴ and entrainment⁵ of aquatic life. The Rule allows for seven different approaches for impingement mortality compliance. For entrainment compliance, the Rule requires the evaluation of closed-cycle cooling, alternative water supplies, and fine mesh screens for a site-specific determination by the DEP Director.

In its petition, TECO stated that it must complete several studies, including the Big Bend Clean Water Act Section 316(b) Study, and reports by February 27, 2030, which is 180 days before its NPDES permit expires on August 26, 2030. The focus of the Study is to confirm that the Big Bend Impingement Mortality Project meets the EPA's Rule requirements for Section 316(b) of the Clean Water Act, to obtain information that the DEP will use to select the best technology available for entrainment, and develop requirements that will be included in TECO's next Big Bend NPDES permit. To accomplish these goals, the Study will:

- Review background, source water, and biological data;
- Evaluate current plant configuration characteristics;
- Evaluate the method of compliance with impingement mortality best technology available;
- Study existing entrainment performance; and
- Review feasibility and cost estimates for available technologies.

Due to the nature of this Study, TECO used an internal preferred source process to select Environmental Consulting & Technology as the contractor to perform the work. The Company stated that the contractor was selected due to its experience, knowledge of Big Bend, and experience completing similar studies at TECO's Bayside Power Station. TECO estimates it will incur approximately \$1,178,300 in O&M expenses associated with the Study. TECO expects the Study to be completed by March 2029.

⁴ Impingement mortality occurs when aquatic life is pinned against the CWIS screens.

⁵ Entrainment occurs when small aquatic life passes through the CWIS screens and enter the cooling system.

In response to staff's data request, TECO provided data, as shown in Table 1-1, of the estimated impact to a residential customer bill.⁶

Table 1-1
Residential Bill Impact

| Year | \$ / 1,000 kWh | \$ / 1,200 kWh |
|------|----------------|----------------|
| 2025 | 0.00 | 0.00 |
| 2026 | 0.00 | 0.00 |
| 2027 | 0.06 | 0.07 |
| 2028 | 0.00 | 0.00 |
| 2029 | 0.00 | 0.00 |

The Commission's criteria for ECRC recovery relevant to this docket, established by Order No. PSC-94-0044-FOF-EI, are:

- (1) The activities are legally required to comply with 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
- (2) None of the expenditures are being recovered through some other cost recovery mechanism or through base rates.

Staff recommends that the Study proposed in TECO's petition meets these criteria. The Study described in the petition is necessary for the Company to comply with governmentally imposed environmental regulations. The compliance activities were required as a result of the August 27, 2025, DEP issuance of the updated standards of the NPDES permit for Big Bend, which contained conditions for compliance with the EPA Rule. TECO states the primary focus of the Study is to confirm that its Big Bend Mortality Project meets the requirements of Section 316(b) and to provide the DEP with information it will use to determine compliance requirements in TECO's next NPDES permit. The costs of the proposed compliance Study are not currently being recovered through some other cost recovery mechanism or through base rates. Staff notes that the reasonableness and prudence of individual expenditures related to the Study will be subject to the Commission's continuing review in future ECRC proceedings.

Conclusion

Staff recommends that TECO's Big Bend Clean Water Act Section 316(b) Study is necessary to comply with the EPA's Rule. Consistent with prior ECRC orders, O&M costs associated with the Study should be allocated to appropriate rate classes on an energy basis.

⁶ Document No. 00111-2026, dated January 8, 2026.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action Order. (Marquez)

Staff Analysis: At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a Consummating Order.