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PLEASE REPLY TO  
TALLAHASSEE

SEP 30 1998  
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ORIGINAL

September 30, 1998

VIA HAND DELIVERY

Blanca S. Bayo, Director  
Florida Public Service Commission  
Division of Records and Reporting  
Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0870

Re: Docket No. 980693-EI

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and fifteen copies of the Florida Industrial Power Users Group's Post-Hearing Statement in the above docket. I have also enclosed a disk containing the document in WordPerfect 5.1 format.

Please acknowledge receipt of the above on the extra copy enclosed herein and return it to me. Thank you for your assistance.

Sincerely,

*Vicki Gordon Kaufman*  
Vicki Gordon Kaufman

VGK/pw  
Encls.

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McWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, DECKER, KAUFMAN, ARNOLD & STEEN, P.A.  
DOCUMENT 10768 SEP 30 1998

ORIGINAL

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

|   |   |                           |
|---|---|---------------------------|
| In re: Petition by Tampa Electric Company | ) |                           |
| for Approval of Cost Recovery for a New   | ) | Docket No. 980693-EI      |
| Environmental Program, the Big Bend Units | ) |                           |
| 1 and 2 Flue Gas Desulfurization System.  | ) | Filed: September 30, 1998 |
| _____)                                    |   |                           |

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S  
POST-HEARING STATEMENT OF ISSUES AND POSITIONS**

Pursuant to rule 25-22.056(3)(a), Florida Administrative Code, the Florida Industrial Power Users Group (FIPUG) files its Post-Hearing Statement of Issues and Positions. In addition to this Post-Hearing Statement, FIPUG will file a post-hearing brief, in which the positions set forth herein are developed and supported more fully. FIPUG has included in this Statement (and in its Post-Hearing Brief) discussion only of those issues on which FIPUG has a position and which were not disposed of by stipulation.

**Summary of FIPUG's Position**

Neither the law TECo seeks to invoke, which says, "... costs recovered in base rates may not also be recovered in the environmental cost recovery clause" nor good judgment would permit a utility to surcharge its customers to pay for a plant addition when the utility's revenue from base rates exceeds the return approved by the Commission. TECo's case is mortally flawed because it failed to submit any proof that when cost recovery commences base rates will be inadequate to cover the cost of the project.

**ISSUES**

**Issue 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?**

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**FIPUG:** \* No. TECo's filing came after construction of the project began. The filing omits information required by law and gives insufficient time for the Commission to give meaningful consideration to any alternatives other than those TECo promoted.\*

**Issue 2:** **Is the fuel price forecast used by TECo in its selection of a CAAA Phase II Compliance plan reasonable?**

**FIPUG:** \* No. The cost savings between the high sulphur fuel TECo will burn and alternative fuels must be large enough to offset operating inefficiency and capital costs. TECo supplied no independent fuel forecasts, omitted the cost of other environmental standards and failed to disclose the operating experience of Big Bend 3 and 4's FGD. \*

**Issue 3:** **Are the economic and financial assumptions used by TECo in its selection of a CAAA Phase II Compliance plan reasonable?**

**FIPUG:** \* No. The financial assumptions TECo used for the FGD are higher than prudence would allow. The comparative cost for the natural gas alternative was even higher. The information supplied on the fuel switching alternative previously chosen and used by other utilities was inadequate.\*

**Issue 4:** **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 (SO<sub>2</sub>) compliance purposes?**

**FIPUG:** \* No. TECo omitted a detailed Nox removal plan and other major environmental costs from its filing.\*

**Issue 5:** **Has TECo demonstrated that its proposed FGD system on Big Bend Units 1 and 2 for SO<sub>2</sub> compliance purposes is the most cost-effective alternative available?**

**FIPUG:** \* No. FGD construction is currently in progress. Other expensive environmental issues are not addressed as required by §388.825, *Florida Statutes*. It is too late for the Commission to second guess the utility's decision on even this single compliance issue in time to meet the compliance deadline. \*

**Issue 6:** **Should the Commission approve TECo's request to accrue allowance for funds used during construction (AFUDC) for the proposed FGD system on Big Bend Units 1 and 2?**

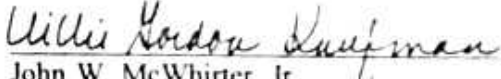
**FIPUG:** • No. Rule 25-6.0141 doesn't allow it. Further, prudence dictates review of the possibility of low cost bond financing, use of overearnings collected from customers, or CWIP allowed in the last rate case in lieu of AFUDC. The AFUDC determination should be considered in the deferred portion of this docket. •

**Issue 7:** **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?**

**FIPUG:** • No. Base rates are sufficient to cover the carrying cost of TECo's selected compliance plan. The surcharge will not apply to economy wholesale sales and will give TECo an advantage over other Florida utilities in the competitive wholesale market at the expense of TECo's retail customers. •

**Issue 8:** **Should this docket be closed?**

**FIPUG:** • Yes. TECo's petition should be denied and this docket should be closed. •

  
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Attorneys for the Florida Industrial  
Power Users Group

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FIPUG's foregoing **Post-Hearing Statement** was furnished by hand delivery (\*) or U.S. Mail to the following this **30th** day of **September, 1998**:

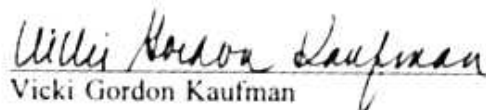
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