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December 26, 2018

VIA: ELECTRONIC FILING

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


Re: Petition of Tampa Electric Company for approval of the Big Bend South Gypsum Storage Area Closure Project for Recovery through the Environmental Cost Recovery Clause.

Dear Ms. Stauffer:

Attached for filing in the above-styled matter is Tampa Electric Company's Petition for Approval of the Big Bend South Gypsum Storage Area Closure Project for Cost Recovery through the Environmental Cost Recovery Clause.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
for approval of the Big Bend South Gypsum)
Storage Area Closure Project for recovery)
through the Environmental Cost Recovery)
Clause.)
_____)

DOCKET NO. _____

FILED: December 26, 2018

**PETITION OF TAMPA ELECTRIC COMPANY FOR APPROVAL OF THE
BIG BEND SOUTH GYPSUM STORAGE AREA CLOSURE PROJECT FOR COST
RECOVERY THROUGH THE ENVIRONMENTAL COST RECOVERY CLAUSE**

Tampa Electric Company ("Tampa Electric" or "the company"), by and through its undersigned counsel, and pursuant to Section 366.8255, Florida Statutes, and Florida Public Service Commission ("Commission") Order Nos. PSC-94-0044-FOF-EI and PSC-94-1207-FOF-EI, hereby petitions the Commission for approval of the company's Big Bend South Gypsum Storage Area ("SGSA") Closure Project (the "Project") for cost recovery through the Environmental Cost Recovery Clause. In support of its Petition, the company states:

1. Tampa Electric is an investor-owned electric utility subject to the Commission's jurisdiction pursuant to Chapter 366, Florida Statutes. Tampa Electric serves retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties in Florida. The Company's principal offices are located at 702 North Franklin Street, Tampa, Florida 33602.

2. The persons to whom all notices and other documents should be sent in connection with this docket are:

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Background

3. On April 17, 2015 the Environmental Protection Agency ("EPA") published the Coal Combustion Residuals ("CCR") Rule. The effective date of the rule was October 19, 2015, by which time Tampa Electric's Big Bend Power Station was required to begin compliance with the rule's requirements. The rule establishes minimum criteria for the safe disposal of CCR in landfills and surface impoundments. The rule is self-implementing with an effective date of October 19, 2015.

4. On October 15, 2015 Tampa Electric petitioned the Commission for approval of its first phase of compliance with the Environmental Protection Agency's final CCR rule with that program entitled CCR Program. The company's petition sought recovery for various initial phases of Tampa Electric's compliance with the rule including O&M expenses associated with groundwater monitoring plan, inspections and signage; impoundment and liner evaluations; slag fines pond closure and lining; north gypsum stackout enhancements; and engineering costs associated with future impoundment and CCR facility improvements. That petition was approved by the Commission's issuance on February 9, 2016 of its Order No. PSC-16-0068-PAA-EI in Docket No. 150223-EI, followed by consummating Order No. PSC-16-0094-CO-EI issued March 7, 2016.

5. On July 28, 2017 Tampa Electric petitioned the Commission to approve a second phase of the company's CCR Program for cost recovery through the Environmental Cost Recovery Clause. In its Order No. PSC-2017-0483-PAA-EI issued December 22, 2017 in Docket No. 20170168-EI the Commission approved for ECRC cost recovery the closure of the company's Big Bend Economizer Ash & Pyrites Ponds ("EAPP") in order to enable the company to comply with the provisions of the CCR rule. See, also, consummating order No. PSC-2018-0047-CO-EI issued January 18, 2018.

6. Tampa Electric has proceeded with and continues to implement the CCR compliance projects described in the first and second phases of the company's CCR Program. All of the activities described in this petition are separate and apart from and not covered by the company's previously approved CCR Program projects.

Current Project

7. In 2014, Tampa Electric installed a natural gas pipeline to Big Bend Station to enable co-firing the generating units with coal and natural gas to meet baseload power demand. In 2015, the company completed installation of the necessary equipment and began to test co-firing of the Big Bend boilers with this fuel mixture. An increase in the proportion of gas firing since then has caused both a decrease in the amount of coal burned at Big Bend Station and a proportionate decrease in the volume of CCR, including flue gas desulfurization ("FGD") gypsum, produced by the facility.

8. In 2018, Tampa Electric announced plans to cease combustion of coal in Big Bend Units 1 and 2. As part of the Big Bend Modernization project, Big Bend Unit 1 will be modernized to an efficient natural gas-fired, combined cycle unit, and Big Bend Unit 2 will be retired. Given the reductions in the amount of coal to be burned at the station in the future, the

SGSA is no longer needed and will not be used to store gypsum for beneficial reuse. Instead, the company's existing East Gypsum Storage Area ("EGSA") will provide adequate gypsum storage capacity for the remaining life of the facility. Furthermore, use of the EGSA as the sole FGD gypsum management unit for the power station offers additional environmental, operational, and public safety advantages. Since the EGSA is closer to the power station and Tampa Electric's main gypsum customer's facility, which is adjacent to the storage area, this greatly reduces the travel distance between facilities and the amount of haul truck traffic on public roads in the vicinity. This will yield significant reductions in transportation related emissions and fuel consumption, as well as reducing highway congestion and improving safety in the vicinity.

9. As previously described in Tampa Electric's 2015 petition and in additional data provided to the Commission, the CCR Rule establishes minimum criteria for CCR landfills, surface impoundments and all lateral expansions of CCR units, including location restrictions, liner design criteria, structural integrity requirements, operating criteria, groundwater monitoring and corrective action requirements and recordkeeping, and notification and internet posting requirements, which, if not met, can trigger closure of a CCR impoundment or landfill.

10. Now that the SGSA will not be utilized for the storage of beneficially reusable byproducts of the FGD process, the company has been required to reevaluate the regulatory status of this facility. As stated in Part 257.2 of the Rule, "*CCR landfill* means an area of land or an excavation that receives CCR and which is not a surface impoundment, an underground injection well, a salt dome formation, a salt bed formation, an underground or surface coal mine, or a cave. For purposes of this subpart, a CCR landfill also includes sand and gravel pits and quarries that receive CCR, CCR piles, and any practice that does not meet the definition of a beneficial use of CCR." Therefore, in light of the fact that the SGSA will no longer qualify as a

beneficial reuse storage facility, it now serves as a landfill and is subject to certain requirements of the CCR Rule. These include: Part 257.60-64 - Location Restrictions; 257.80 - Air Criteria; 257.90-98 Groundwater Monitoring and Corrective Action and 257.102 Criteria for conducting the closure or retrofit of CCR units.

11. The company must now come into compliance with the CCR Rule's mandated operating requirements or satisfy the closure provisions of the Rule applicable to the landfill. In particular, there are concerns with the proximity of the bottom of the SGSA to the water table in the area and the effect this will have on the long-term stability of the storage area (Part 257.64 – Unstable Areas) as well as future groundwater quality in the area (Part 257.95 - Assessment monitoring program). Historical monitoring in the area has in fact shown elevated levels of certain Appendix III and IV constituents. Therefore, Tampa Electric believes it prudent to close the CCR unit to ensure future compliance with all applicable groundwater standards.

12. In light of these considerations the company must close the facility, given its lack of usefulness, the ongoing risk of environmental impacts, and the applicability of CCR Rule compliance obligations and operating criteria. Set forth below is a description of the conceptual closure plan for this facility and associated expense estimates.

13. Upon careful consideration of the allowable alternatives for closure of CCR units in the rule, Tampa Electric has decided to perform "closure through removal" of the CCR contained in the SGSA under the provisions of Section §257.102 (c) of the rule. This is the same method previously approved for the Economizer Ash Ponds System at the site, as mentioned above. Section §257.102 (c) states: "...An owner or operator may elect to close a CCR unit by removing and decontaminating all areas affected by releases from the CCR unit. CCR removal and decontamination of the CCR unit are complete when constituent concentrations throughout

the CCR unit and any areas affected by releases from the CCR unit have been removed and groundwater monitoring concentrations do not exceed the groundwater protection standards established pursuant to § 257.95(h) for constituents listed in appendix IV to this part.”

14. Tampa Electric believes that the closure of this unit by removal of all CCR is the best closure option for the following reasons:

- Eliminates potential for releases to be caused by storm damage;
- Assures future compliance with groundwater protection standards;
- Protects surface water quality from the risk of future releases;
- Protects manatees and other marine life that use the adjacent Big Bend discharge canal as a sanctuary during winter months;
- Eliminates thirty-year post-closure care and monitoring and associated O&M expenses;
- Assures that the CCR will not need to be removed later at a higher cost if regulations become more stringent or groundwater protection standards are not met;
- Allows the company to pursue reuse of material to a greater extent than may be possible in the future;
- Takes advantage of currently available offsite disposal capacity in a permitted landfill, which may not be available in the future; and
- Allows the company to utilize the storage site for other utility related activity, including but not limited to, the potential to add additional solar and battery storage.

15. Based on a preliminary engineering analysis, the estimated total cost for closure by removal of the SGSA is approximately \$15.7 million. A detailed cost estimate is provided in Exhibit A. Tampa Electric is pursuing beneficial reuse of the remaining CCR materials to the greatest extent possible, including selling material that meets specifications, reprocessing material that is likely to be able to meet specifications after treatment, and disposing of off-specification materials.

16. The alternative to closure by complete removal of the CCR from the SGSA is the cap and close method. The company is not proposing this method because it is unlikely to achieve an appropriate level of environmental protection for the environment and surrounding

communities. Tampa Electric believes it is in the best interest of customers and the environment to remove all CCR from the SGSA at this time. This will also afford opportunities both to reprocess and beneficially reuse the materials to the greatest extent possible and to dispose of unusable (off-specification) materials in an offsite permitted landfill, while adequate disposal capacity for the material is available. Removing the remaining usable and unusable material altogether from a site that is so close to sensitive environmental resources, and thereby mitigating the risks to customers of potential future groundwater contamination and even more expensive cleanup costs, is the most prudent option available. Additionally, remediating the site in this manner provides the company an opportunity to utilize the site for utility related activities that would not be available if the site is capped.

15. Since the Big Bend Modernization project will result in discontinuing the burning of coal in Big Bend Units 1 and 2, it is apparent that the SGSA will no longer be needed and the decision has been made to close this CCR unit. In addition, since the storage area contained a sizable amount of gypsum which had been used in the construction of the facility, some of which had the potential to be re-processed for beneficial reuse, the decision was made to initiate the closure project immediately. Concurrently, the company also continued to evaluate the regulatory applicability of the CCR Rule to the SGSA, as described above. The company submitted a closure plan to FDEP, which was approved by the agency on March 1, 2018 and initiated the closure project in April 2018. Subsequently, Tampa Electric has determined that the CCR Rule is applicable to the SGSA and that this closure project is required by the Rule. This petition is being submitted accordingly. To date, the company has incurred approximately \$5.0 million in closure expenses associated with the project. Tampa Electric anticipates spending an additional \$10.7 million to complete the \$15.7 million SGSA remediation project.

16. This is an environmental compliance project that qualifies for cost recovery through the ECRC, and the company requests recovery of the full amount of the project costs listed in this petition through the ECRC. None of the costs for this project were included in Tampa Electric's ECRC cost recovery projections for 2019. The company requests approval of its petition and inclusion of this Project's costs in the company's actual 2018 final true-up and its actual/estimated 2019 forecast and the recovery of those costs in the company's 2020 cost recovery factors. It is anticipated that, with the exception of up to four years of post-closure groundwater monitoring, the project will be completed in early 2020, as indicated in Exhibit A.

17. The Commission's policy for cost recovery approval of an ECRC eligible project is set forth in 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:

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

18. The proposed closure by removal of the South Gypsum Storage Area meets the requirements for ECRC cost recovery under the Gulf Order. The costs of the program will be prudently incurred after April 13, 1993. The company's planned activity under this CCR Program is legally required to comply with the EPA's CCR Rule which was adopted and became effective

after the company's last test year upon which rates are based. None of the costs proposed under this program are recovered through some other cost recovery mechanism or through base rates.

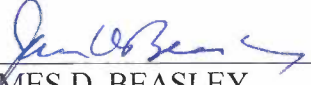
19. The Project is a compliance activity associated with the company's previously approved CCR Program. The treatment of costs associated with this project should be the same as for the other costs associated with the company's approved CCR Program activities, with O&M expenditures allocated to appropriate rate classes on an energy basis, and capital expenditures allocated to appropriate rate classes on a demand basis.

20. Tampa Electric is not aware of any disputed issues of material fact relative to the matters set forth in this Petition or any relief requested.

WHEREFORE, Tampa Electric Company respectfully requests the Commission to approve the company's proposed South Gypsum Storage Area Closure Project and the company's recovery of the estimated \$15.7 million in O&M costs of this project through the ECRC in the manner described herein.

DATED this 26th day of December 2018.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

EXHIBIT "A"

Tampa Electric
South Gypsum Storage Area Closure Project
Estimated Costs by Activity (\$)

Activity	2018		2019		2020		2021		2022		2023	
	O&M	Capital	O&M	Capital	O&M	Capital	O&M	Capital	O&M	Capital	O&M	Capital
Excavation and Preparation of CCR Material for Reprocessing, Sale, or Disposal	2,536,476	-	2,261,340	-	20,116	-	-	-	-	-	-	-
Additional Reprocessing Equipment & Maintenance	878,147	-	181,622	-	33,331	-	-	-	-	-	-	-
Truck Fees	712,525	-	1,150,971	-	35,000	-	-	-	-	-	-	-
Transportation and Disposal in Permitted Landfill	1,533,691	-	2,058,737	-	53,061	-	-	-	-	-	-	-
Site Restoration	-	-	3,908,545	-	197,330	-	-	-	-	-	-	-
Post-Closure Groundwater Monitoring	-	-	-	-	25,000	-	25,000	-	25,000	-	25,000	-
Total	5,660,839	-	9,561,215	-	363,838	-	25,000	-	25,000	-	25,000	-

Project Total

15,660,892

Activity	Total Project		Costs To Date		Remaining Project Costs	
	O&M	Capital	O&M	Capital	O&M	Capital
Excavation and Preparation of CCR Material for Reprocessing, Sale, or Disposal	4,817,932	-	2,066,386	-	2,751,546	-
Additional Reprocessing Equipment & Maintenance	1,093,100	-	845,081	-	248,019	-
Truck Fees	1,898,496	-	617,525	-	1,280,971	-
Transportation and Disposal in Permitted Landfill	3,645,489	-	1,495,691	-	2,149,798	-
Site Restoration	4,105,875	-	-	-	4,105,875	-
Post-Closure Groundwater Monitoring	100,000	-	-	-	100,000	-
Total	15,660,892	-	5,024,683	-	10,636,209	-