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July 28, 1997

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

Re: Environmental Cost Recovery Clause
FPSC Docket No. 970007-EI

Dear Ms. Bayo:

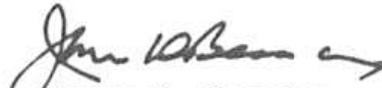
Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Prehearing Statement.

We are also enclosing a diskette containing the above Prehearing Statement in WordPerfect 5.1 format.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosures

cc: All Parties of Record (w/enc.)

- ACK _____
- AFA 2-Vandiver
- APP _____
- CAF _____
- CMU _____
- CIR _____
- EAG _____
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- LT _____
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DOCUMENT NUMBER DATE

07591 JUL 28 1997

FPSC RECORDS & REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost)
Recovery Clause.)
_____)

DOCKET NO. 970007-EI
FILED: July 28, 1997

PREHEARING STATEMENT OF TAMPA ELECTRIC COMPANY

A. APPEARANCES:

LEE L. WILLIS
JAMES D. BEASLEY
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>
<u>(Direct)</u>		
1. Karen A. Branick (TECO)	Final true-up for period ending March 31, 1997 and estimated true-up for period April-September 1977; projections for period October 1997 through March 1998	1A, 2A, 3A, 4A, 5, 6, 7, 8, 11, 11A, 11B, 11C

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
_____ (KAB-1)	Branick	Final true-up Environmental Cost Recovery, Commission Forms 42-1A through 42-8A for the period October 1996 through March 1997.
_____ (KAB-1)	Branick	Final true-up Environment Cost Recovery, Commission Forms 42-1P through 42-79 for the period April 1997-September 1997 and 42-1E through 42-8E for the period October 1997-March 1998.

DOCUMENT NUMBER-DATE
07591 JUL 28 97
FPSC-RECORDS/REPORTING

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve Tampa Electric's calculation of its environmental cost recovery final true-up for the period October 1996 through March 1997, its actual true-up amount for the period April 1997 through September 1997, and its projected ECRC revenue requirement and ECRC cost recovery factors for the period October 1997 through March 1998.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Environmental Cost Recovery Issues

ISSUE 1A: What are the appropriate final environmental cost recovery true-up amount for the period ending March 31, 1997?

TECO: An overrecovery of \$156,449. (Branick)

ISSUE 2A: What are the estimated environmental cost recovery true-up amounts for the period April 1997 through September 1997?

TECO: An underrecovery of \$843,546. (Branick)

ISSUE 3A: What are the total environmental cost recovery true-up amounts to be collected during the period October 1997 through March 1998?

TECO: An underrecovery of \$687,097. (Branick)

ISSUE 4A: What are the appropriate projected environmental cost recovery amounts for the period October 1997 through March 1998?

TECO: \$3,837,658. (Branick)

ISSUE 5: What should be the effective date of the new environmental cost recovery factors for billing purposes?

TECO: The factor should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period October 1997 through March 1998. Billing cycles may start before October 1, 1997, and the last cycle may be read after March 31, 1998, so that each customer is billed for six months regardless of when the adjustment factor became effective. (Branick)

ISSUE 6: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected during the period beginning October 1997?

TECO: The company should use the Commission approved depreciation rates applicable to each asset according to the company's last depreciation rate order, Order No. PSC-96-0399-FOF-EI, issued on March 21, 1996 in Docket No. 950499-EI. (Branick)

ISSUE 7: How should the newly proposed environmental costs be allocated to the rate classes?

TECO: The Commission has directed in Order No. 94-0044 that "costs required for compliance with the Clean Air Act Amendments of 1990 (CAAA) shall be allocated to the rate classes on a per kilowatt hour, or energy basis." Tampa Electric is proposing to classify and allocate all newly proposed environmental costs on an energy basis. (Branick)

ISSUE 8: What are the appropriate Environmental Cost Recovery Factors for the period beginning October 1997 for each rate group?

<u>TECO:</u>	RS, RST	0.054
	GS, GST, TS	0.054
	GSD, GSDT	0.054
	GSLD, GSLDT, SBF, SBFT	0.053
	IS1, IST1, SBI1, IS3, IS3T, SBI3	0.052
	SL, OL	0.054

(Branick)

Company - Specific Environmental Cost Recovery Issues

Tampa Electric Company

ISSUE 11: What adjustment for SO₂ Allowances, if any, should be made to Tampa Electric Company's Environmental Cost

Recovery Factor as a result of the Commission's decision in Docket No. 970171-EU?

TECO: As a result of the Commission's decision to accept Tampa Electric's proposal in Docket No. 970171-EU, adjustments to the Environmental Cost Recovery Clause Factors for the period October 1997 through March 1998 should be as follows for each rate group:

RS, RST	0.053
GS, GST, TS	0.053
GSD, GSDT	0.053
GSLD, GSLDT, SBP, SBFT	0.052
IS1, IST1, SBI1, IS3, IS3T, SBI3	0.051
SL, OL	0.053

(Branick)

ISSUE 11A: Should an adjustment be made for the expensing of a packing tower through the Environmental Cost Recovery Clause in 1996 which was purchased and charged to an inventory account in 1992 as reported in Audit Disclosure No. 1 of the Florida Public Service Commission's Environmental Compliance Cost Adjustment Audit Report for the period ended March 31, 1997?

TECO: No, an adjustment should not be made. The expense associated with the packing tower is recoverable through the ECRC. The original purchase date of an inventory item is not a determining factor in recoverability. Of the \$37,026 expense associated with the packing tower only \$13,266 is included in Tampa Electric's petition based on the methodology to allocate scrubbed gas through-put.

(Branick)

ISSUE 11B: Should a portion of gypsum sales revenue be allocated to the Environmental Cost Recovery Clause based on the allocated cost of limestone?

TECO: No. Gypsum sales should not be allocated to the ECRC. Gypsum sales revenues are credited to customers in the calculation of base rates. ECRC calculations should exclude base rate items.

(Branick)

ISSUE 11C: Should Tampa Electric Company be allowed to recover payroll charges associated with modifications and expansions to employee workload due to the Big Bend Unit 3 Flue Gas Desulfurization Integration Project

through the Environmental Cost Recovery Clause?

TECO: The maintenance payroll dollars of \$281,636 should not be included in the calculation of the ECRC factor for the six month period ending March 31, 1998. These labor dollars could be considered part of the base rate calculation and, thus, should be excluded from the ECRC calculations. However, such incidences should be reviewed on a case by case basis due to the fact that there may be instances where recovering payroll dollars through the ECRC would be justified.

(Branick)

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time.

H. OTHER MATTERS

TECO: None at this time.

DATED this 28th day of July, 1997.

Respectfully submitted,



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(904) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

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 hand delivery (*) or U. S. Mail on this 28th day of July, 1997 to the following:

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Staff Counsel
Division of Legal Services
Florida Public Service Comm'n.
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Room 370, Gunter Building
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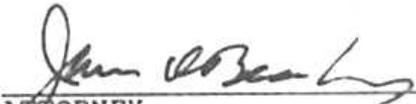
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