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September 17, 2007

HAND DELIVERED

Ms. Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition to determine need for Polk Unit 6 electrical power plant by Tampa Electric Company; FPSC Docket No. 070467-EI

Dear Ms. Cole:

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

Also enclosed is a CD containing the above-referenced Prehearing Statement generated on a Windows 98 operating system and using Word 2000 as the word processing software.

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

CMP ____
COM ____
CTR ____
ECR ____
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OPC ____
RCA ____
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SGA ____
SEC ____
OTH ____

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to determine need for Polk Unit 6 electrical power plant by Tampa Electric Company.	DOCKET NO. 070467-EI
	FILED: September 17, 2007

TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT

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:

	Witness	Subject Matter	Issues
(Direct)			
1.	Charles R. Black (TECO)	Introduction and support of Tampa Electric's request for an affirmative determination of need for proposed IGCC Polk Unit 6	1,2,3,4,6,7
2.	William A. Smotherman (TECO)	Description of integrated resource planning process and resulting plans supporting the need for proposed IGCC Polk Unit 6, existing system and resource mix, cost-effectiveness of Polk Unit 6 and adverse consequences if the project is deferred or denied	1,2,3,4,5,6,7
3.	Mark J. Hornick (TECO)	Summary of existing IGCC technology at Polk Station; commercial status and viability of IGCC technology; experience with Polk Unit 1 providing benefits for proceeding with Polk Unit 6; suitability	1,2,3,5,6,7

		of IGCC to accommodate potential renewable energy portfolio standards and carbon dioxide emissions regulation	
4.	Michael R. Rivers (TECO)	Description of engineering and construction of proposed IGCC Polk Unit 6, proposed unit's operating characteristics, construction schedule and development of reasonable and prudent project cost estimates	1,2,3,5,6,7
5.	Lorraine L. Cifuentes (TECO)	Description of Tampa Electric's load forecasting process used in Tampa Electric's proposed IGCC Polk Unit 6 Need Study; appropriateness and reasonableness of Tampa Electric's load forecasts	1,2,4,6,7
6.	Howard T. Bryant (TECO)	Description of Tampa Electric's DSM programs and initiatives; process used by Tampa Electric in setting DSM goals; Tampa Electric's renewable energy initiatives; inability of Tampa Electric's comprehensive DSM program offerings to eliminate the 2013 capacity need	1,2,4,6,7
7.	Joann T. Wehle (TECO)	Description of Tampa Electric's fuel procurement and delivery strategy for proposed Polk Unit 6, fuel forecasts, fuel diversity and reliability benefits associated with Polk Unit 6; description of wholesale power purchase efforts and request for proposals as an alternative to Polk Unit 6	1,2,3,6,7
8.	Alan S. Taylor (TECO)	Description Tampa Electric's 2007 competitive power supply solicitation and the reasonableness of that solicitation	1,2,3,6,7
9.	Paul L. Carpinone (TECO)	Environmental benefits of proposed IGCC Polk Unit 6 over other coal technology alternatives; environmental requirements and permits necessary; benefits of IGCC technology to meet or surpass	1,2,3,5,6,7

		environmental requirements; other potentially viable IGCC technology benefits	
10.	Thomas J. Szelistowski (Direct & Supplemental) (TECO)	Description of cost-effective transmission plan for interconnection of proposed Polk Unit 6, transmission evaluation process, estimated costs and construction schedule of transmission facilities required to interconnect and integrate proposed Polk Unit 6 into Tampa Electric's system	1,2,6,7
11.	Chrys A. Remmers (TECO)	Description of tax credit treatment associated with Polk Unit 6, how the tax credits will be utilized and their dependence on Tampa Electric achieving construction milestones; Tampa Electric's timeline associated with meeting the critical date	1,2,6,7

C. EXHIBITS:

Exhibit	Witness	Description
_____ (HTB-1)	Bryant	Current and proposed DSM programs and goals; 2005-2014 DSM goals accomplishments
_____ (PLC-1)	Carpinone	IGCC and pulverized coal air emission comparisons; emissions of recently proposed projects in Florida
_____ (LLC-1)	Cifuentes	Data supporting Tampa Electric's load forecasting process, methodologies and assumptions and load forecast
_____ (MJH-1)	Hornick	Water loss comparison; Polk Unit 1 availability; CO_2 mitigation costs; potential CO_2 removal levels; water use comparisons
_____ (MRR-1)	Rivers	Polk Unit 6 process diagram; project schedule; cost estimate; plot plan
_____ (WAS-1)	Smotherman	Energy mix by fuel types; reliability analyses; resource plans; economic analysis results; scenario analysis results

_____ (TJS-1)	Szelistowski	Data supporting proposed interconnection and integration of Polk Unit 6
_____ (TJS-2)	Szelistowski	FRCC Review letter and Updated Summary of Required Facilities, Ratings and Costs
_____ (AST-1)	Taylor	Resumè of Alan S. Taylor
_____ (JTW-1)	Wehle	Information describing fuel resources, suppliers and pricing
_____	Bryant, Carpinone, Cifuentes, Rivers, Smotherman, Szelistowski, Wehle and Remmers	Tampa Electric Company Determination of Need for Electrical Power: Polk Unit 6 ("Polk Unit 6 Need Study")

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve the need for Tampa Electric's proposed Polk Unit 6, an IGCC unit with 610 MW and 647 MW summer and winter net capacity, respectively, to meet the projected need for additional generating capacity on Tampa Electric's system in 2013. Polk Unit 6 is the most cost-effective means of meeting Tampa Electric's future capacity needs. Polk Unit 6 will also provide improvements in fuel diversity and reliability along with the environmental benefits of the proven IGCC technology, including the compatibility of the plant design layout for potential CO_2 control requirements if required by future legislation. The Commission should also find that Tampa Electric has undertaken all conservation measures reasonably available to Tampa Electric which might mitigate the need for the new plant. Even after Tampa Electric's ambitious DSM and renewable energy efforts and achievements are factored into the analysis, Tampa Electric, nevertheless, will need the planned output of Polk Unit 6 in order to meet its customers' demand and energy requirements by 2013.

E. STATEMENT OF ISSUES AND POSITIONS

Issue 1: Is there a need for the proposed generating unit, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

TECO: Yes. Polk Unit 6 is needed to maintain electric system reliability and integrity as this criterion is used in Section 403.519, Florida Statutes. After taking into account existing power plant unit capacity, firm purchased power agreements, and an updated load forecast that considers demand side management (DSM) and renewable energy alternatives, Tampa Electric still requires an addition of approximately 576 and 482 MW for winter and summer, respectively, to maintain Tampa Electric's system reliability requirements by 2013. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 2: Is there a need for the proposed generating unit, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

TECO: Yes. Polk Unit 6 is needed to ensure an adequate supply of electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes. Polk Unit 6 will enable Tampa Electric to meet the projected demand and energy requirements of its customers at a cost less than any available alternative. The savings will be made primarily due to the lower fuel cost of Polk Unit 6 compared to natural gas or conventional coal-fired generation. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 3: Is there a need for the proposed generating unit, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?

TECO: Yes. Polk Unit 6 is not only the most cost-effective alternative, but will also establish a more diversified fuel portfolio that, in turn, will enhance the reliability of Tampa Electric's power supply and help reduce volatility in customers' bills. Given Tampa Electric's current generation mix, IGCC technology will lessen the impact of any future shutdown of natural gas production facilities like those that occurred in 2005. (Witnesses: Black, Smotherman, Hornick, Rivers, Wehle, Taylor, Carpinone)

Issue 4: Are there any conservation measures taken by or reasonably available to Tampa Electric Company which might mitigate the need for the proposed generating unit?

TECO: No. Tampa Electric has long been a leader in the field of DSM going back to 1981 and continues to promote new and modified programs to maximize cost-effective conservation and load management to reduce load requirements and encourage conservation. However, even factoring in these efforts and the results they have achieved into the analysis, Polk Unit 6 is needed to serve the needs of Tampa Electric customers beginning in 2013. The conservation programs suggested by SACE are not reasonably available because: (1) they fail the Commission's cost-effectiveness tests, and (2) will not provide the reduced demand for energy and capacity assumed in SACE's calculations. Conservation should be promoted but not at any price. Tampa Electric's conservation programs incorporate all measures reasonably available. (Witnesses: Black, Smotherman, Cifuentes, Bryant)

Issue 5: Has Tampa Electric appropriately evaluated CO_2 emission mitigation costs?

TECO: Yes. Tampa Electric has appropriately evaluated CO_2 emission mitigation costs. The company evaluated the effects of the cost of potential CO_2 emission restrictions using three price bands for CO_2 reductions. The results of that analysis and other sensitivities Tampa Electric reviewed reinforced the prudence of the company's selection of IGCC technology over other alternatives available to the company.

Although there are not current requirements to capture or sequester CO_2, IGCC technology remains the lowest cost option for carbon control equipment. An IGCC unit is more cost efficient than other fossil fuel technology in the event of future carbon control requirements. IGCC's advantage over other fossil fuel fired technologies arises from the fact that CO_2 is captured prior to combustion, which means CO_2 is captured from a much smaller volume of gases than would be the case with carbon capture in a post combustion mode. As a result the cost of CO_2 removal equipment is much smaller and less costly. Tampa Electric's layout for Polk Unit 6 includes space for carbon capture equipment to be installed in the event carbon capture becomes an environmental requirement. (Witnesses: Carpinone, Hornick, Smotherman, Rivers)

Issue 6: Is the proposed generating unit the most cost-effective alternative available, at this criterion is used in Section 403, 519, Florida Statutes?

TECO: Yes. Polk Unit 6 is the most cost-effective alternative available as this criterion is used in Section 403.519, Florida Statutes. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 7: Based on the resolution of the foregoing issues, should the Commission grant TECO's petition to determine the need for the proposed generating unit?

TECO: Yes. Based on Tampa Electric's analysis of the facts bearing on a resolution of the foregoing issues, the Commission should grant Tampa Electric's petition to determine the need for Polk Unit 6. (Witnesses: All Tampa Electric witnesses support the company's position on this issue.)

Issue 7: Should this docket be closed?

TECO: Yes. Once a final order is issued and any appeal thereof is waived or resolved, this docket should be closed. (Witnesses: None necessary.)

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at time.

H. OTHER MATTERS

TECO: None at this time.

DATED this 17th day of September 2007

Respectfully submitted,

LEE L. WILLIS
JAMES D. BEASLEY
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Post Office Box 391
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(850) 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 U. S. Mail or hand delivery (*) on this 17th day of September 2007 to the following:

Ms. Jennifer S. Brubaker*
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Office of General Counsel
Florida Public Service Commission
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ATTORNEY