

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa) DOCKET NO. 920364-EI
Electric Company for Approval) ORDER NO. PSC-92-0837-FOF-EI
of Modification to Gannon Oil) ISSUED: 08/20/92
Backout project)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS LAUREDO

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING PETITION OF TAMPA ELECTRIC COMPANY
FOR APPROVAL OF MODIFICATION TO GANNON OIL BACKOUT PROJECT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On April 22, 1992, Tampa Electric Company (TECO) filed a petition to modify the project financing of the conversion of Gannon Units One through Four from oil to coal. Currently, a separate trust (Gannon Project Trust) holds the debt for the conversion. The trust debt is paid down by oil-backout revenues. TECO wants to replace the trust debt with tax-exempt pollution control refunding bonds issued by the Hillsborough County Industrial Development Authority. This transaction would cause the trust to be dissolved and the debt and assets associated with the Gannon Unit conversions would be placed on TECO's balance sheet.

TECO enumerates benefits from the restructuring. First, costs associated with a letter of credit required by the trust arrangements will be eliminated. Second, the new pollution control bonds do not have to be paid down as rapidly as the current trust debt; thus, the ratepayers will benefit from lower cost debt and the issuance of higher cost debt can be deferred.

TECO states that the modification would not affect the way the oil-backout clause currently works. TECO believes the only change in the oil backout clause would be that savings would be realized due to the elimination of administrative costs of the fund.

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TECO-RECORDS / DEPARTMENT

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We believe it is in the best interest of the ratepayers and the Company to preserve low-cost debt. Therefore, we approve the Gannon project financing modifications.

Historically, the debt of the trust has been specifically identified for oil-backout purposes. After the project restructuring, the legal delineation of the funds will no longer exist. Without the trust, a pro rata mix of investor sources could be allocated to the oil-backout "capital structure."

TECO has before the Commission a pending petition to increase to its rates and charges (Docket No. 920324-EI). The issue of what is the most appropriate mechanism for recovery of the capital costs associated with this debt shall be considered in that docket. In that way, the impact, if any, may be discussed and recognized when base rates are set.

Based on the foregoing, it is

ORDERED that the Petition of Tampa for approval of Modification to Gannon Oil Backout Project is GRANTED. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission this 20th day of August, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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by: Kay Flynn
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on September 10, 1992.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.