BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of recovery schedule for three generating units, effective January 1, 2001, by Tampa Electric Company.	DOCKET NO. 010668-EI ORDER NO. PSC-01-2335-PAA-EI ISSUED: December 3, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RECOVERY SCHEDULES AND REVISING FOSSIL DISMANTLEMENT ACCRUALS

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 substantial interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

On May 3, 2001, Tampa Electric Company (TECO) filed a petition for the approval of recovery schedules for Hookers Point, Dinner Lake, and the combustion turbine unit at the Gannon Station effective January 1, 2001. The recovery schedules are reflective of the current planning for retirement of each generating unit and are designed to amortize the associated remaining net unrecovered investments over a period matching the remaining years of service. This will ensure TECO's ten-year site plan and the company's books and records accurately reflect operating conditions and generation planning. We have completed our review of TECO's petition.

RECOVERY SCHEDULES

TECO has requested that it be allowed to implement three recovery schedules, shown in Attachment A, to address the near-term

planned retirement of the Hookers Point Station, the Dinner Lake Station, and the combustion turbine at Gannon Station. TECO states that these recovery schedules will provide recovery of the associated unrecovered net investments over the respective remaining periods of service.

Hookers Point Station

At the time of TECO's 1999 depreciation study, in Docket No. 990529-EI, Hookers Point was estimated to retire by year-end 2003. The company noted that while that retirement date was consistent with its ten-year site plan, the date did not represent firm retirement plans. In this instant proceeding, TECO explains that it now has decisive plans to retire the Hookers Point generating assets by December 31, 2002. For this reason, adjustments to the current depreciation recovery pattern should be made to accurately reflect operating conditions and generation planning considerations. TECO's proposed recovery schedule is designed to recover the associated net investment over a two year period beginning January 1, 2001. This schedule will match recovery to the remaining service of the generating assets and is acceptable to staff. The investment and reserve as of January 1, 2001 are $53,670,782 and $50,337,371, respectively, resulting in a net unrecovered amount of $3,333,411 to be amortized over two years. The annual amortization expense associated with this recovery schedule is $1,666,706.

Dinner Lake Station

The Dinner Lake Station, currently on long-term reserve standby, is now planned to retire by year-end 2002. TECO states that this retirement decision is based upon the plant needing extensive repairs to restore its usefulness, including repairs to the generator and boilers. Also, the facility's Title V Air Operating Permit and Industrial Wastewater Facility Permit both expire in 2004. TECO explains that to renew the permits would require additional manpower and cost study expenses in 2003.

The currently prescribed depreciation rate for Dinner Lake is predicated on a 2007 estimated retirement date. To recognize the change in planning for these affected assets, adjustments to the depreciation recovery pattern should be made to accurately reflect

current operating conditions and generation planning. TECO's proposed recovery schedule is designed to recover the associated net investment over a two year period beginning January 1, 2001. This schedule will match recovery to the remaining service of the generating asset and is acceptable. The investment and reserve as of January 1, 2001 are $3,621,251 and 3,516,688, respectively, resulting in a net unrecovered amount of $104,563, to be amortized over two years. The annual amortization expense associated with the recovery schedule for Dinner Lake Station is $52,282.

Gannon Station Combustion Turbine Unit

The currently prescribed depreciation rate for the combustion turbine unit at the Gannon Station is predicated on an estimated retirement date of 2010. According to TECO, the turbine failed on September 20, 2000. Subsequently, the cost to repair the turbine was determined to be uneconomical and a determination was made in early 2001 to retire the unit April 1, 2001. For this reason, adjustments to the current depreciation recovery pattern should be made to accurately reflect operating conditions and generation planning considerations. TECO's proposed recovery schedule is designed to recover the associated net investment over a one year period beginning January 1, 2001 and ending December 31, 2001. This schedule will match recovery to the remaining service of the generating asset and is acceptable. The investment and reserve as of January 1, 2001 are $1,865,194 and 1,755,992, respectively, resulting in a net unrecovered amount of $109,202 to be amortized over one year. The annual amortization expense associated with the recovery schedule for Gannon Station combustion turbine unit is $109,202.

TECO's request to implement the recovery schedules shown on Attachment A, addressing the unrecovered investments associated with the net planned retirement of Hookers Point, Dinner Lake, and the combustion turbine unit at the Gannon Station shall be granted. The resulting estimated expenses reflect an increase of about $666,000, as shown on Attachment B.

FOSSIL DISMANTLEMENT

TECO's petition does not include a concurrent proposal to revise the currently approved dismantlement accruals for Hookers

Point, Dinner Lake, and the Gannon combustion turbine as the result of changes in the company's planning. The company proposes that all necessary dismantlement adjustments can be made in its next dismantlement study which is currently scheduled to be filed April 28, 2003.

TECO states that the Gannon Station combustion turbine is planned to be dismantled in 2001 to provide additional space and safe work conditions for the employees involved in the Gannon Station repowering project. The company is pursuing selling the unit which will include the removal as a condition of sale.

With respect to Hookers Point and Dinner Lake, although the stations will be taken out of service, TECO has no firm planning regarding either station's actual dismantlement. TECO asserts that the period underlying the currently approved dismantlement accruals for Hookers Point and Dinner Lake can be considered the best estimates. TECO opines that these dismantlement dates can be revisited during the company's next depreciation study.

Dismantlement costs relate to the removal and disposal of generating stations no longer in service. As such, the provision for dismantlement should match the estimated period of time the given generating assets are expected to be serving the public. The goal is to have the correct provision accumulated by the time the generating unit or plant is retired from service. For this reason, the review of dismantlement costs has historically been considered part of the depreciation study review process. In this proceeding, if the dismantlement accruals for Hookers Point, Dinner Lake, and the Gannon combustion turbine are not revised to reflect the most current dates of retirement, the dismantlement provisions will not match the remaining periods of service. Therefore, the annual provision for dismantlement shown on Attachment C, shall be approved. These revisions reflect an annual increase in the provision for dismantlement by about $93,000.

IMPLEMENTATION DATE

The implementation date for the new recovery schedules and revised dismantlement accruals shall be January 1, 2001. All data and calculations support January 1, 2001, as the implementation date.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company's Petition for Approval of Recovery Schedule for Three Generating Units is granted. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 3rd day of December, 2001.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn

Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

MKS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 24, 2001.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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.

Attachment A

TAMPA ELECTRIC COMPANY

DOCKET NO 010668-EI

COMPARISON OF RATES AND COMPONENTS

ACCOUNT		CURRENT APPROVED							
		AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	RESERVE (%)	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (YRS)	NET SALVAGE (%)	1/1/01 RESERVE (%)	REMAINING LIFE RATE (%)
[redacted]									
HOOKERS POINT STATION									
	- Common -								
311400	Structures	4 3	0 0	91.96*	1 9			2 YEAR RECOVERY SCHEDULE	
312400	Boiler Plant	4 4	0.0	91 96*	1.8			2 YEAR RECOVERY SCHEDULE	
314400	Turbogenerators	4 5	0 0	91 96*	1 8			2 YEAR RECOVERY SCHEDULE	
315400	Access Electric Equipment	4 4	0 0	91 96*	1.8			2 YEAR RECOVERY SCHEDULE	
316400	Miscellaneous	3 4	(4 0)	91 96*	3 5			2 YEAR RECOVERY SCHEDULE	
	- Unit 1 -								
311410	Structures	4 5	0 0	91.96*	1 8			2 YEAR RECOVERY SCHEDULE	
312410	Boiler Plant	4 5	0.0	91 96*	1 8			2 YEAR RECOVERY SCHEDULE	
314410	Turbogenerators	4 5	0 0	91 96*	1 8			2 YEAR RECOVERY SCHEDULE	
315410	Access Electric Equipment	4 5	0 0	91 96*	1 8			2 YEAR RECOVERY SCHEDULE	
316410	Miscellaneous	4 4	0 0	91 96*	1.8			2 YEAR RECOVERY SCHEDULE	
	- Unit 2 & 3 -								
311420	Structures	4.5	0 0	91 96*	1 8			2 YEAR RECOVERY SCHEDULE	
312420	Boiler Plant	4 3	(1.0)	91 96*	2 1			2 YEAR RECOVERY SCHEDULE	
314420	Turbogenerators	3.8	0.0	91 96*	2 1			2 YEAR RECOVERY SCHEDULE	
315420	Access. Electric Equipment	4.5	0 0	91.96*	1.8			2 YEAR RECOVERY SCHEDULE	
316420	Miscellaneous	4 4	0.0	91 96*	1 8			2 YEAR RECOVERY SCHEDULE	
	- Unit 4 -								
311430	Structures	4 5	(1.0)	91 96*	2 0			2 YEAR RECOVERY SCHEDULE	
312430	Boiler Plant	4 5	(1 0)	91 96*	2 0			2 YEAR RECOVERY SCHEDULE	
314430	Turbogenerators	4 5	(1 0)	91 96*	2 0			2 YEAR RECOVERY SCHEDULE	
315430	Access. Electric Equipment	3 9	0.0	91.96*	2 1			2 YEAR RECOVERY SCHEDULE	
316430	Miscellaneous	3 4	(1.0)	91 96*	2 7			2 YEAR RECOVERY SCHEDULE	
	- Unit 5 -								
311440	Structures	4 5	(1.0)	91 96*	2 0			2 YEAR RECOVERY SCHEDULE	
312440	Boiler Plant	4 5	(1.0)	91 96*	2 0			2 YEAR RECOVERY SCHEDULE	
314440	Turbogenerators	3 7	0.0	91 96*	2 2			2 YEAR RECOVERY SCHEDULE	
315440	Access Electric Equipment	4 0	0 0	91.96*	2 0			2 YEAR RECOVERY SCHEDULE	
316440	Miscellaneous	4 5	(1 0)	91.97*	2 0			2 YEAR RECOVERY SCHEDULE	
DINNER LAKE STATION									
311110	Structures	6.3	(6 0)	88 15*	2 8			2 YEAR RECOVERY SCHEDULE	
312110	Boiler Plant	6 3	(6 0)	98.34*	1.2			2 YEAR RECOVERY SCHEDULE	
314110	Turbogenerators	6.4	(3 0)	95 39*	1 2			2 YEAR RECOVERY SCHEDULE	
315110	Access Electric Equipment	6 2	(2 0)	92 43*	1 5			2 YEAR RECOVERY SCHEDULE	
316110	Miscellaneous	6 3	(6 0)	95 13*	1 7			2 YEAR RECOVERY SCHEDULE	
[redacted]									
GANNON STATION									
	- Combustion Turbine 1 -								
341510	Structures	9 4	(1.0)	77 31*	2 5			1 YEAR RECOVERY SCHEDULE	
342510	Boiler Plant	6 0	(3.0)	90 34*	2.1			1 YEAR RECOVERY SCHEDULE	
344510	Turbogenerators	6 4	(1.0)	92 76*	1 3			1 YEAR RECOVERY SCHEDULE	
345510	Access Electric Equipment	6 6	(1.0)	89 86*	1 7			1 YEAR RECOVERY SCHEDULE	

Restated reserve after correc 'e measures approved by Order No. PSC-00-0603-PAA-EI in Docket No 990529-EI

ATTACHMENT B

TAMPA ELECTRIC COMPANY
DOCKET NO. 010668-EI
COMPARISON OF EXPENSES

	ACCOUNT	1/1/01 INVESTMENT ($)	1/1/01 RESERVE ($)	CURRENT RATE (%)	CURRENT EXPENSES ($)	COMMISSION APPROVED RATE (%)	COMMISSION APPROVED EXPENSES ($)	CHANGE IN EXPENSES ($)
STEAM PRODUCTION								
HOOKERS POINT STATION								
	- Common -							
311600	Structures	3,924,917	3,717,316	1.9	74,573	2-YR. AMORT.	103,801	29,228
312600	Boiler Plant	4,388,807	4,149,654	1.8	78,999	2-YR. AMORT.	119,576	40,577
314600	Turbogenerators	840,321	803,046	1.8	15,126	2-YR. AMORT.	18,638	3,512
315600	Access. Electric Equipment	2,357,187	2,246,475	1.8	42,429	2-YR. AMORT.	56,856	14,427
316600	Miscellaneous	1,559,757	1,412,264	3.5	54,591	2-YR. AMORT.	73,747	19,156
	TOTAL	13,070,989	12,328,755		265,718		372,618	106,900
	- Unit 1 -							
311610	Structures	1,120,753	1,071,038	1.8	20,174	2-YR. AMORT.	24,857	4,683
312610	Boiler Plant	3,267,080	3,120,853	1.8	58,807	2-YR. AMORT.	73,113	14,306
314610	Turbogenerators	2,343,385	2,239,437	1.8	42,181	2-YR. AMORT.	51,974	9,793
315610	Access. Electric Equipment	727,745	689,349	1.8	13,099	2-YR. AMORT.	19,198	6,099
316610	Miscellaneous	81,996	783,599	1.8	1,476	2-YR. AMORT.	1,818	342
	TOTAL	7,540,959	7,904,276		135,737		170,960	35,223
	- Unit 2 & 3 -							
311620	Structures	817,057	780,814	1.8	14,707	2-YR. AMORT.	18,122	3,415
312620	Boiler Plant	6,044,666	5,746,637	2.1	126,938	2-YR. AMORT.	147,515	20,577
314620	Turbogenerators	4,272,213	4,105,164	2.1	89,716	2-YR. AMORT.	83,525	(6,191)
315620	Access. Electric Equipment	1,112,134	991,007	1.8	20,018	2-YR. AMORT.	60,563	40,545
316620	Miscellaneous	50,049	43,706	1.8	901	2-YR. AMORT.	3,172	2,271
	TOTAL	12,296,119	11,66?.328		252,280		312,897	60,617
	- Unit 4 -							
311640	Structures	852,843	818,424	2.0	17,057	2-YR. AMORT.	17,210	153
312640	Boiler Plant	2,479,980	2,319,912	2.0	49,600	2-YR. AMORT.	80,034	30,434
314640	Turbogenerators	3,686,170	3,164,909	2.0	73,723	2-YR. AMORT.	260,631	186,908
315640	Access. Electric Equipment	743,361	702,772	2.1	15,611	2-YR. AMORT.	20,295	4,684
316640	Miscellaneous	43,354	42,211	2.7	1,171	2-YR. AMORT.	571	(600)
	TOTAL	7,805,708	7,048,228		157,162		378,741	221,579
	- Unit 5 -							
311650	Structures	1,236,220	1,186,328	2.0	24,724	2-YR. AMORT.	24,946	222
312650	Boiler Plant	5,880,524	5,300,268	2.0	117,610	2-YR. AMORT.	290,128	172,518
314650	Turbogenerators	4,648,307	4,479,305	2.2	102,263	2-YR. AMORT.	84,501	(17,762)
315650	Access. Electric Equipment	1,143,729	1,081,843	2.0	22,875	2-YR. AMORT.	30,943	8,068
316650	Miscellaneous	48,228	46,282	2.0	965	2-YR. AMORT.	973	8
	TOTAL	12,957,008	12,094,026		268,437		431,491	163,054
	TOTAL HOOKERS POINT STATION	53,670,782	51,042,613		1,079,334		1,666,707	587,373
	DINNER LAKE STATION							
311110	Structures	631,359	573,737	2.8	17,678	2-YR. AMORT.	28,811	11,133
312110	Boiler Plant	1,465,724	1,480,756	1.2	17,589	2-YR. AMORT.	(7,516)	(25,105)
314110	Turbogenerators	1,111,909	1,073,975	1.2	13,343	2-YR. AMORT.	18,967	5,624
315110	Access. Electric Equipment	378,863	355,896	1.5	5,683	2-YR. AMORT.	11,483	5,800
316110	Miscellaneous	33,396	32,324	1.7	568	2-YR. AMORT.	536	(32)
	TOTAL DINNER LAKE STATION	3,621,251	3,516,688		54,861		52,281	(2,580)
	TOTAL STEAM PRODUCTION	57,292,033	54,559,301		1,134,195		1,718,988	584,793
	OTHER PRODUCTION							
	GANNON STATION							
	- Combustion Turbine 1 -							
341510	Structures	75,362	62,033	2.5	1,884	1-YR. AMORT.	13,329	11,445
342510	Boiler Plant	132,325	125,101	2.1	2,779	1-YR. AMORT.	7,224	4,445
344510	Turbogenerators	1,323,726	1,262,367	1.3	17,208	1-YR. AMORT.	61,358	44,150
345510	Access. Electric Equipment	333,781	306,491	1.7	5,674	1-YR. AMORT.	27,291	21,617
	TOTAL GANNON STATION	1,865,194	1,755,992		27,545		109,202	81,657
	TOTAL PRODUCTION	59,157,227	56,315,293		1,161,740		1,828,190	666,450

Attachment C

TAMPA ELECTRIC COMPANY			
FOSSIL DISMANTLEMENT			
	CURRENT APPROVED	COMMISSION APPROVED	CHANGE IN EXPENSES
	($)	($)	($)
Hookers Point	(31,278)	(42,582)	(11,304)
Dinner Lake	67,442	152,188	84,746
Gannon CT 1	23,522	42,993	19,471
Total	59,686	152,599	92,913