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November 4, 1998

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399-0850

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RECORDS AND REPORTING

RE: DOCKET NO. 980007-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and ten (10) copies of Florida Power & Light Company's Prehearing Statement in the above referenced docket.

Also enclosed is a formatted double sided high density 3.5 inch diskette containing the Prehearing Statement for Florida Power & Light Company.

- ACK _____
- AFA 2/Underway
- APP _____
- CAF _____
- CMU _____
- CTR _____
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Very truly yours,



Matthew M. Childs, P.A.

DOCUMENT NUMBER-DATE

~~12334~~ NOV-4 8
FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost)
Recovery Clause)

DOCKET NO. 970007-EI
FILED: NOVEMBER 4, 1998

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-98-1185-PCO-EI, issued September 4, 1998 establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

Matthew M. Childs, P.A.
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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
K.M. DUBIN	ECRC Estimated/Actual True-up for October 1997 Through December 1998	1
K.M. DUBIN	ECRC Projections and Factors for January 1999 Through December 1999	2-6, 8A
R.R. LABAUVE	New Environmental Compliance Activities	7, 7A, 8

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-1)	K.M. DUBIN	Appendix I Environmental Cost Recovery Projections January 1999 - December 1999 Commission Forms 42-1P through through 42-7P
(KMD-2)	K.M. DUBIN	Appendix II Environmental Cost Recovery Estimated/Actual Period October 1997 - December 1998 Commission Forms 42-1E through 42-8E
(RRL-1)	R. R. LABAUVE	Final Permit - Putnam Power Plant and Best Management Practices/Pollution Prevention Conditions
(RRL-2)	R. R. LABAUVE	Permit for FPL Port Everglades Power Plant - Old
(RRL-3)	R. R. LABAUVE	Permit for FPL Port Everglades Power Plant - Current
(RRL-4)	R. R. LABAUVE	NPDES Permit Issuance Dates & BMP3 Submittal Dates
(RRL-5)	R. R. LABAUVE	Ambient Water Quality Criteria
(RRL-6)	R. R. LABAUVE	Letter From EPA Dated June 13, 1997
(RRL-7)	R. R. LABAUVE	Multiple Source Annual Operating Permit
(RRL-8)	R. R. LABAUVE	Section 24-11, Code of Metropolitan Dade County
(RRL-9)	R. R. LABAUVE	Wastewater/Stormwater Discharge Elimination - Diagrams
(RRL-10)	R. R. LABAUVE	Scope of Work by Site

D. STATEMENT OF BASIC POSITION

None necessary.

E. STATEMENT OF ISSUES AND POSITIONS

1. What are the estimated environmental cost recovery true-up amounts for the period October, 1997 through December, 1998?

FPL: \$620,859 underrecovery for the period including interest. This consists of a \$1,126,518 underrecovery for the period October 1997 through September 1998 netted with a \$505,659 overrecovery for October 1998 through December 1998. (DUBIN)

2. What is the appropriate projected environmental cost recovery amount for the period January, 1999 through December, 1999?

FPL: The total environmental cost recovery amount, adjusted for revenue taxes is \$19,389,953. This amount consists of \$20,619,969 of projected environmental cost for the period net of the prior period overrecovery and taxes. (DUBIN)

3. What is the appropriate recovery period to collect the total environmental cost recovery true-up amounts?

FPL: The total environmental cost recovery true-up amounts should be collected in the period January through December 1999. (DUBIN)

4. What should be the effective date of the new environmental cost recovery factors for billing purposes?

FPL: The new environmental cost recovery factors should become effective with customer bills for January 1999 through December 1999. This will provide 12 months of billing on the environmental cost recovery factors for all customers. (DUBIN)

5. 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 January, 1999 through December, 1999?

FPL: The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (DUBIN)

6. What are the appropriate environmental cost recovery factors for the period January, 1999 through December, 1999 for each rate group?

FPL:	Rate Class	Environmental Recovery Factor (\$/KWH)
	RS1	0.00024
	GS1	0.00023
	GSD1	0.00023
	OS2	0.00022
	GSLD1/CS1	0.00023
	GSLD2/CS2	0.00022
	GSLD3/CS3	0.00021
	ISST1D	0.00023
	SST1T	0.00021
	SST1D	0.00022
	CILC D/CILC G	0.00022
	CILC T	0.00021
	MET	0.00022
	OL1/SL1	0.00021
	SL2	0.00022

(DUBIN)

7. Should the Commission require utilities to petition for approval of recovery of new projects through the Environmental Cost Recovery Clause at least three months prior to the due date for projection filing testimony?

FPL: There should not be a restriction on the timing of filing for new projects because new environmental regulations may necessitate new projects at any time of the year. (LABAUVE)

- 7A. Should the Commission set minimum filing requirements for utilities upon a petition for approval of recovery of new projects through the Environmental Cost Recovery Clause?

FPL: FPL does not believe minimum filing requirements for new projects are necessary. (LABAUVE)

COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

8. Should the Commission approve FPL's proposal to recover the costs of the Wastewater and Stormwater Discharge Elimination Project through the Environmental Cost Recovery Clause?

FPL: Yes. The Wastewater and Stormwater Discharge Elimination Project is designed to eliminate the release of contaminants to the environment by eliminating discharges of wastewater and stormwater in plant operations. Completion of this project will ensure that FPL is in compliance with the new environmental requirements related to wastewater and stormwater. FPL's preliminary cost estimate totals approximately \$13 million and these costs are not otherwise being recovered by FPL. (LABAUVE)

- 8A. What is the appropriate method for calculating the return on average net investment for Environmental Cost Recovery Clause projects as established by Order No. PSC-97-1047-FOF-EI?

FPL: Order No. PSC-97-1047-FOF-EI provided that FPL use prior year's (1997) June capital cost rates for the reprojection and final true-up periods that began in October 1997. Following what FPL believes was the intent of Order No. PSC-97-1047-FOF-EI, the October 5, 1998 projection filing for calendar year 1999, used the June 1998 capital cost rates. June 1998 was the most recent actual month available before the filing of the projected period data due on October 5, 1998. These rates should also be used for the reprojection and for final true-up for 1999. The capital cost rates for reprojection (estimated/actual period), and for final true-up, should be the same as those used in the initial projection period to facilitate comparison and variance explanations. (DUBIN)

OPC ISSUE: Should the Commission consider whether approval of environmental cost recovery factors will enable electric utilities to earn excessive returns on equity under currently prevailing financial market conditions?

FPL: As FPL understand this issue, Order No. PSC-94-0044-FOF-EI, has already decided this issue.

F. STIPULATED ISSUES

None at this time.

G. MOTIONS

FPL is aware of no outstanding motions at this time.

Respectfully submitted,

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Attorneys for Florida Power
& Light Company

BY: 

Matthew M. Childs, P.A.

CERTIFICATE OF SERVICE
DOCKET NO. 980007-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished by Hand Delivery (*), or U.S. Mail this 4th day of November, 1998, to the following:

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