

STEEL ■  
HECTOR  
■ DAVIS  
INTERNATIONAL™

Steel Hector & Davis LLP  
200 South Biscayne Boulevard  
Suite 4000  
Miami, FL 33131-2398  
305.577.7000  
305.577.7001 Fax  
www.steelhector.com

John T. Butler  
305.577.2939  
jbutler@steelhector.com

October 13, 2003

**-VIA FEDERAL EXPRESS-**

Blanca S. Bayó  
Director, Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Docket No. 030007-EI**

Dear Ms Bayó:

I am enclosing for filing in the above docket the original and seven (7) copies of Florida Power & Light Company's Prehearing Statement, together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows 2000, and the word processing software in which the documents appear is Word 2000.

If there are any questions regarding this transmittal, please contact me at 305-577-2939

Very truly yours,

*John T. Butler*  
for JTB  
John T. Butler

Enclosure  
cc: Counsel for Parties of Record (w/encl.)

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FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

IN RE: Environmental        )  
Recovery Clause            )

DOCKET NO. 030007-EI  
FILED: October 14, 2003

**FLORIDA POWER & LIGHT COMPANY'S  
PREHEARING STATEMENT**

Pursuant to Order No. PSC-03-0114-PCO-EI, issued January 21, 2003, as amended by Order No. PSC-03-0412-PCO-EI, issued March 25, 2003 establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

**A.    APPEARANCES**

John T. Butler, Esq.  
Steel Hector & Davis LLP  
200 South Biscayne Boulevard  
Suite 4000  
Miami, Florida 33131-2398  
Telephone. 305-577-2939

R. Wade Litchfield, Esq.  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
Telephone: 561-691-7101

**B.    WITNESSES**

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
K.M. DUBIN	ECRC Projections and Factors for January through December 2004	3 - 9
K.M. DUBIN	ECRC Estimated/Actual True-up for January through December 2003	2
K M. DUBIN	ECRC Final True-up for January through December 2002	1
K.M. DUBIN	Recovery of FPL's UST Replacement /	10A

R.R. LABAUVE	Removal Project	
K.M. DUBIN	Allocation of UST Replacement / Removal Project	10B
K.M. DUBIN R R LABAUVE	Recovery of FPL's LQWS Project	10C
K M. DUBIN	Allocation of LQWS Project	10D
K.M. DUBIN R.R. LABAUVE	Recovery of FPL's Pt. Everglades ESP Technology Project	10E
K.M. DUBIN	Allocation of Pt Everglades ESP Technology Project	10F

**C. EXHIBITS**

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-1)	K M. DUBIN	Environmental Cost Recovery Final True-up January - December 2002 Commission Forms 42 - 1A through 42 - 8A
(KMD-2)	K M DUBIN	Appendix I Environmental Cost Recovery Estimated/Actual Period January Through December 2003 Commission Forms 42-1E - 42-8E
(KMD-3)	K.M. DUBIN	Appendix I Environmental Cost Recovery Projections January - December 2004 Commission Forms 42-1P - 42-7P
(RRL-1)	R.R. LABAUVE	Florida Administrative Code, Title 62- Department of Environmental Protection, Rule 62-761.500
(RRL-2)	R.R. LABAUVE	FPL's Existing Underground Storage Tank Systems
(RRL-3)	R R. LABAUVE	St John's River Water Management District Consumptive Use Permit Number 10652, Cape Canaveral Plant

(RRL-4)	R.R. LABAUVE	St. John's River Water Management District Consumptive Use Permit Number 9202, Sanford Plant
(RRL-5)	R.R. LABAUVE	Draft Title V Air Permit, Port Everglades Plant
(RRL-6)	R.R. LABAUVE	Advantages/Disadvantages - Particulate Removal Technologies
(RRL-7)	R.R. LABAUVE	Advantages/Disadvantages – SO <sub>2</sub> Removal Technologies

**D. STATEMENT OF BASIC POSITION**

None necessary

**E. STATEMENT OF ISSUES AND POSITIONS**

**GENERIC ENVIRONMENTAL COST RECOVERY ISSUES**

1. What are the final environmental cost recovery true-up amounts for the period ending December 31, 2002?  
  
**FPL:** \$205,349 over-recovery. (DUBIN)
2. What are the estimated environmental cost recovery true-up amounts for the period January 2003 through December 2003?  
  
**FPL:** \$850,933 over-recovery. (DUBIN)
3. What are the total environmental cost recovery true-up amounts to be collected or refunded during the period January 2004 through December 2004?  
  
**FPL:** \$1,056,282 over-recovery. (DUBIN)
4. What are the projected environmental cost recovery amounts for the period January 2004 through December 2004?  
  
**FPL:** The projected environmental cost recovery amount for the period January through December 2004 is 13,798,551. (DUBIN)
5. What are the environmental cost recovery amounts, including true-up amounts, for the period January 2004 through December 2004?

**FPL:** The environmental cost recovery amount, including true-up amounts and adjusted for revenue taxes is \$12,945,763 (DUBIN)

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 January 2004 through December 2004?

**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 as approved by the FPSC. (DUBIN)

7. What are the appropriate jurisdictional separation factors for the projected period January 2004 through December 2004?

**FPL:** Energy Jurisdictional Factor: 98.750007%  
CP Demand Jurisdictional Factor: 98.84301%  
GCP Demand Jurisdictional Factor: 100.00000% (DUBIN)

8. What are the appropriate environmental cost recovery factors for the period January 2004 through December 2004 for each rate group?

**FPL:**

Rate Class	Environmental Recovery Factor (\$/kWh)
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RS-1	0.00013
GS-1	0.00013
GSD1	0.00012
OS2	0.00015
GSLD1/CS1	0.00012
GSLD2/CS2	0.00012
GSLD3/CS3	0.00011
SST1T	0.00010
SST1D	0.00012
CILC D/CILC G	0.00011
CILC T	0.00010
MET	0.00013
OL1/SL1/PL1	0.00009
SL2	0.00011

(DUBIN)

9. 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 2004 through December 2004. This will provide 12 months of billing on the environmental cost recovery factors for all customers. (DUBIN)

## COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

10A Should FPL be allowed to recover costs associated with the Underground Storage Tank (UST) Replacement/Removal Project?

**FPL:** Yes. Pursuant to Rule 62-761.500, F.A.C., the Florida Department of Environmental Protection (DEP) requires the removal or replacement of existing Category-A and Category-B storage tank systems with systems meeting the standards for Category-C storage tank systems by December 31, 2009. FPL's proposal represents a cost-effective response to this requirement, on a reasonable timetable that takes into account the hazardous nature of the contents in the tanks as well as the condition of those tanks and their inaccessibility for inspection (LABAUVE)

10B. How should the newly proposed environmental costs for the UST Replacement/Removal Project be allocated to the rate classes?

**FPL:** Proposed costs for the UST Replacement/Removal Project should be allocated to the rate classes on an average 12 CP demand basis. (DUBIN)

10C Should FPL be allowed to recover costs associated with the Lowest Quality Water Source (LQWS) Project?

**FPL:** Yes. This project is required in order to comply with conditions in the consumptive use permits (CUPs) issued for FPL's Sanford and Cape Canaveral plants by the St. Johns River Water Management District. The purpose of those conditions is to preserve Florida's groundwater, an important environmental resource. The project will satisfy these CUP conditions in a cost-effective manner (LABAUVE)

10D How should the newly proposed environmental costs for the LQWS Project be allocated to the rate classes?

**FPL:** Proposed costs for the LQWS Project should be allocated to the rate classes on an average 12 CP demand basis (DUBIN)

10E Should FPL be allowed to recover costs associated with the Port Everglades Electrostatic Precipitator (ESP) Technology Project?

**FPL:** Yes. This project is required to comply with visibility and particulate emission requirements imposed in the new title V air permit that has recently been issued by the DEP for the Port Everglades plant. Those permit conditions comply with current air-emission standards, anticipate new National Ambient Air Quality Standards for fine particulate emissions as well as other emerging air-emission requirements, and satisfy concerns about air emissions from the Port Everglades plant that were raised by Broward County and other stakeholders during the DEP's evaluation of the permit. The project will satisfy the Title V permit conditions in a cost-effective manner (LABAUVE)

10F How should the newly proposed environmental costs for the Port Everglades ESP Technology Project be allocated to the rate classes?

**FPL:** Proposed costs for the Port Everglades ESP Technology Project should be allocated to the rate classes on an energy basis. (DUBIN)

**WITNESSES AND SUBJECT MATTER**

WITNESS	SPONSOR	SUBJECT MATTER	EXHIBIT TITLES
K. M. DUBIN	FPL	ECRC projections for January through December 2004	KMD-3
R.R. LABAUVE	FPL	UST Replacement/Removal Project	RRL-1, RRL-2
		LQWS Project	RRL-3, RRL-4
		Port Everglades ESP Technology Project	RRL-5, RRL-6, RRL-7
K. M. DUBIN	FPL	ECRC Estimated/Actual True-up for January through December 2003	KMD-2
R. R. LABAUVE	FPL	Inclusion of Manatee plant in WSDER Project	
K. M. DUBIN	FPL	ECRC Final True-up for January through December 2002	KMD-1

**F. STATEMENT OF POLICY ISSUES AND POSITIONS**

**FPL:** None at this time

**G. STIPULATED ISSUES**

FPL: None at this time.

**H. PENDING MOTIONS**

FPL has no outstanding motions at this time.

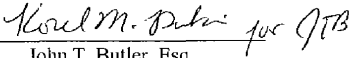
**I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

There are no requirements of the Order Establishing Procedure with which FPL cannot comply.

Respectfully submitted,

R Wade Litchfield, Esq.  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
Telephone: 561-691-7101

Steel Hector & Davis LLP  
Attorneys for Florida Power & Light  
Company  
200 South Biscayne Boulevard  
Suite 4000  
Miami, Florida 33131-2398  
Telephone 305-577-2939

By:   
John T. Butler, Esq.  
Fla. Bar No. 283479



**CERTIFICATE OF SERVICE**  
**Docket No. 030007-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished by Federal Express (\*) or U.S. Mail this 13<sup>th</sup> day of October, 2003 to the following:

Marlene K. Stern, Esq.\*  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Gunter Building, Room 370  
Tallahassee, FL 32399

Robert Vandiver, Esq.  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399

Ms. Susan D. Ritenour  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780

Jeffrey A. Stone, Esq.  
Russell A. Badders, Esq.  
Beggs and Lane  
Attorneys for Gulf Power Corp.  
P.O. Box 12950  
Pensacola, FL 32576

Ms. Angela Llewellyn  
Tampa Electric Company  
Regulatory Affairs  
P.O. Box 111  
Tampa, FL 33601-0111

Mr. Paul Lewis, Jr./Bonnie Davis  
Progress Energy Florida, Inc.  
106 East College Avenue, Suite 800  
Tallahassee, FL 32301-7740

Lee L. Willis, Esq.  
James D. Beasley, Esq.  
Ausley & McMullen  
Attorneys for TECO  
P.O. Box 391  
Tallahassee, FL 32302

James A. McGee, Esq.  
Progress Energy Florida, Inc.  
P. O. Box 14042  
St Petersburg, FL 33733

Vicki Gordon Kaufman, Esq.  
Joseph A. McGlothlin, Esq.  
McWhirter Reeves  
Attorneys for FIPUG  
117 South Gadsden Street  
Tallahassee, FL 32301

John W. McWhirter, Jr., Esq.  
McWhirter, Reeves, McGothlin,  
Davidson, et al.  
Attorneys for FIPUG  
P. O. Box 3350  
Tampa, FL 33601-3350

Mr. John T. English  
Florida Public Utilities Company  
P. O. Box 3395  
West Palm Beach, FL 33402-3395

By:   
John T. Butler