

ORIGINAL

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Subject: Docket No. 050007-EI
Attachments: MIA2001_416659_1.DOC

On behalf of Florida Power & Light Company ("FPL"), please accept for electronic filing in Docket No. 050007-EI the attached Prehearing Statement, which totals eight pages including the attached certificate of service.

A copy of this filing has been sent electronically to counsel for all parties of record.

Thank you for your assistance with filing.

Sincerely,

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10/14/2005

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FPSC - COMMISSION OF FRIK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost)
Recovery Clause)
_____)

DOCKET NO. 050007-EI
DATED: October 14, 2005

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-05-0264-PCO-EI, issued March 10, 2005 establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
K.M. DUBIN	ECRC Projections and Factors for January through December 2006	3 - 8
K.M. DUBIN	ECRC Estimated/Actual True-up for January through December 2005	2

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FPSC-COMMISSION CLERK

K.M. DUBIN	ECRC Final True-up for January through December 2004	1
K.M. DUBIN R.R. LABAUVE	Recovery of Hydrobiological Monitoring Program (HBMP)	9A
K.M. DUBIN	Allocation of HBMP Program Costs	9B
K.M. DUBIN R.R. LABAUVE	Recovery of Clean Air Interstate Rule (CAIR) Compliance Project	9C
K.M. DUBIN	Allocation of CAIR Compliance Project Costs	9D
K.M. DUBIN R.R. LABAUVE	Recovery of litigation costs associated with CAIR Compliance	9E
K.M. DUBIN	Allocation of litigation costs associated with CAIR Compliance	9F

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-1)	K.M. DUBIN	Appendix I Environmental Cost Recovery Final True-up January - December 2004 Commission Forms 42 - 1A through 42 - 8A
(KMD-2)	K.M. DUBIN	Appendix I Environmental Cost Recovery Estimated/Actual Period January- December 2005 Commission Forms 42-1E through 42-8E
(KMD-3)	K.M. DUBIN	Appendix I Environmental Cost Recovery Projections January - December 2006 Commission Forms 42-1P through 42-7P
(RRL-1)	R.R. LABAUVE	Manatee Unit 3 Power Plant Siting Application PA 22-44

Final Order of Certification and Excerpts
from Conditions of Certification – Section
XXXIII – Water Management District

- | | | |
|---------|--------------|--|
| (RRL-2) | R.R. LABAUVE | Hydrobiological Monitoring Program
Compliance Activities and Dates |
| (RRL-3) | R.R. LABAUVE | Environmental Protection Agency
40 CFR Parts 51, 72-74, 77, 78, and 96
Clean Air Interstate Rule |
| (RRL-4) | R.R. LABAUVE | Environmental Protection Agency
40 CFR Part 51
Regional Haze Regulations and Guidelines
For Best Available Retrofit Technology
(BART) Determinations; Final Rule |

D. STATEMENT OF BASIC POSITION

None necessary

E. STATEMENT OF ISSUES AND POSITIONS

GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period ending December 31, 2004?

FPL: \$505,074 over recovery including interest. (DUBIN)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January 2005 through December 2005?

FPL: \$4,418,213 over recovery including interest. (DUBIN)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2006 through December 2006?

FPL: \$31,263,335 (DUBIN)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2006 through December 2006?

FPL: The total environmental cost recovery amount, adjusted for prior period true-ups and revenue taxes, is \$26,359,013. (DUBIN)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts for the period January 2006 through December 2006?

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)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2006 through December 2006?

FPL: Energy Jurisdictional Factor 98.53348%
CP Demand Jurisdictional Factor 98.62224%
GCP Demand Jurisdictional Factor 100.00000% (DUBIN)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2006 through December 2006 for each rate group?

FPL:	FPL: Rate Class	Environmental Recovery Factor (\$/kWh)
	RS-1/RST1	0.00026
	GS-1/GST1	0.00025
	GSD1/GSDT1/HLFT-1(21-499 kW)	0.00024
	OS2	0.00025
	GSLD1/GSLDT1/CS1/CST1/ HLFT-1 (500-1,999 kW)	0.00024
	GSLD2/GSLDT2/CS2/CST2/ HLFT-1 (2,000 +)	0.00023
	GSLD3/GSLDT3/CS3/CST3	0.00021
	ISST1D	0.00022
	ISST1T	0.00020
	SST1T	0.00020
	SST1D1/SST1D2/SST1D3	0.00022
	CILC D/CILC G	0.00022
	CILC T	0.00021
	MET	0.00025
	OL1/SL1/PL1	0.00019
	SL2/GSCU-1	0.00022

(DUBIN)

ISSUE 8: 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 2006 through December 2006 (cycle day 3 through cycle day 2). Billing cycles may start before January 1, 2006, and the last cycle may be read after December 31, 2006, so that each customer is billed for twelve consecutive months regardless of when the adjustment factor became effective. (DUBIN)

COMPANY SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

ISSUE 9A: Should the Commission approve FPL's request for recovery of costs for the Hydrobiological Monitoring Program (HBMP) through the Environmental Cost Recovery Clause?

FPL: Yes. FPL is undertaking the HBMP project to comply with "environmental laws or regulations," and the costs it seeks to recover for the HBMP project are prudently incurred "environmental compliance costs," as those terms are used in §366.8255, Fla. Stat. (DUBIN, LABAUVE)

ISSUE 9B: How should FPL's environmental costs for the HBMP Program be allocated to the rate classes?

FPL: The proposed O&M costs for the HBMP Program should be allocated to the rate classes on a 12 coincident peak demand basis. (DUBIN)

ISSUE 9C: Should the Commission approve FPL's request for recovery of costs for the Clean Air Interstate Rule (CAIR) Compliance Project through the Environmental Cost Recovery Clause?

FPL: Yes. FPL is undertaking the CAIR Compliance project to comply with "environmental laws or regulations," and the costs it seeks to recover for the CAIR Compliance project are prudently incurred "environmental compliance costs," as those terms are used in §366.8255, Fla. Stat. (DUBIN, LABAUVE)

ISSUE 9D: How should FPL's environmental costs for the CAIR Compliance Project be allocated to the rate classes?

FPL: The operating and maintenance costs should be allocated to the rate classes on an energy basis. The capitalized costs should be allocated to the rate classes on a 12 coincident peak demand and 1/13 energy basis consistent with Commission Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket No. 050045-EI, In Re: Petition for rate increase by Florida Power & Light Company. (DUBIN)

ISSUE 9E: Should the Commission approve recovery of FPL’s legal costs to challenge the Clean Air Interstate Rule?

FPL: Yes. Those costs are being prudently incurred to help minimize FPL’s costs of complying with the Clean Air Interstate Rule, to the benefit of FPL’s customers. (DUBIN, LABAUVE)

ISSUE 9F: How should FPL’s legal costs to challenge the Clean Air Interstate Rule be allocated to the rate classes?

FPL: The legal expenses should be treated as operating and maintenance costs and allocated to the rate classes on an energy basis. (DUBIN)

ISSUE 9G: Should the Commission approve FPL’s request for recovery of costs for the Regional Haze Rule, Best Available Retrofit Technology (BART) Compliance Project?

FPL: Yes. FPL is undertaking the BART Compliance project to comply with “environmental laws or regulations,” and the costs it seeks to recover for the BART Compliance project are prudently incurred “environmental compliance costs,” as those terms are used in §366.8255, Fla. Stat. (DUBIN, LABAUVE)

ISSUE 9H: How should FPL’s environmental costs for the BART Compliance Project be allocated to the rate classes?

FPL: The operating and maintenance costs 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 2006	Appendix I, Forms 42-1P through 42-7P
K. M. DUBIN	FPL	ECRC Estimated/ Actual True-up for January through December 2005	Appendix I, Forms 42-1E through 42-8E
K. M. DUBIN	FPL	ECRC Final True-up for January through December 2004	Forms 42-1A through 42-8A

R.R.LABAUVE	FPL	Hydrobiological Monitoring Program	RRL-1, RRL-2
R.R.LABAUVE	FPL	Clean Air Interstate Rule (CAIR) Compliance Project	RRL-3
R.R.LABAUVE	FPL	Regional Haze Rule - (BART) Compliance Project	RRL-4

F. STATEMENT OF POLICY ISSUES AND POSITIONS

FPL: None at this time

G. STIPULATED ISSUES

FPL: None at this time.

H. PENDING MOTIONS

FPL is aware of 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,

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By: s/ John T. Butler
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CERTIFICATE OF SERVICE
Docket No. 050007-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished electronically this 14th day of October, 2005 to the following:

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