

Matilda Sanders

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From: John_Butler@fpl.com
 Sent: Wednesday, October 04, 2006 3:25 PM
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 Subject: Electronic Filing for Docket No. 060007-EI -- FPL's prehearing statement
 Attachments: ECRC prehearing statement 2006 FINAL.doc



ECRC
 aring statement 2
 Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 060007-EI

c. Document is being filed on behalf of Florida Power & Light Company.

d. There is a total of 7 pages.

e. The document attached for electronic filing is Florida Power & Light Company's Prehearing Statement.

(See attached file: ECRC prehearing statement 2006 FINAL.doc)

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DOCUMENT NUMBER-DATE
 09180 OCT-4 8
 FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost)
Recovery Clause)
_____)

DOCKET NO. 060007-EI
DATED: October 4, 2006

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-06-0220-PCO-EI, issued March 17, 2006 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 2007	3 - 8
K.M. DUBIN	ECRC Estimated/Actual True-up for January through December 2006	2
K.M. DUBIN	ECRC Final True-up for January	1

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FPSC-COMMISSION CLERK

through December 2005

K.M. DUBIN R.R. LABAUVE	Recovery of Clean Air Mercury Rule (CAMR) Compliance Program	9A
K.M. DUBIN	Allocation of CAMR Compliance Program Costs	9B
K.M. DUBIN R.R. LABAUVE	Inclusion of Turkey Point Unit 5 as part of FPL's previously approved Selective Catalytic Reduction (SCR) Consumables Project	9C
K.M. DUBIN R.R. LABAUVE	Whether legal expenses for challenging implementation of the CAIR Rule are included in base rates	9D

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 2005 Commission Forms 42 - 1A through 42 - 8A
(KMD-2)	K.M. DUBIN	Appendix I Environmental Cost Recovery Estimated/Actual Period January- December 2006 Commission Forms 42-1E through 42-8E
(KMD-3)	K.M. DUBIN	Appendix I Environmental Cost Recovery Projections January - December 2007 Commission Forms 42-1P through 42-7P
(RRL-1)	R.R. LABAUVE	U.S. Environmental Protection Agency - Clean Air Mercury Rule – Regulatory Text
(RRL-2)	R.R. LABAUVE	Department of Environmental Protection - Clean Air Mercury Rule as proposed to the

Environmental Regulation Commission –
Chapters 62-204, 62-210, 62-296 FAC

(RRL-3) R.R. LABAUVE Department of Environmental Protection -
Clean Air Interstate Rule as proposed to the
Environmental Regulation Commission –
Chapters 62-204, 62-210, 62-296 FAC

(RRL-4) R.R. LABAUVE Clean Air Interstate Rule and Clean Air
Mercury Rule State Notices of change in the
Florida Administrative Weekly – pp. 5-8,
Published July 21, 2006 – changes by the
Environmental Regulation Commission

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, 2005?

FPL: \$2,642,893 over recovery including interest. (DUBIN)

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January 2006 through December 2006?

FPL: \$13,409,744 over recovery including interest. (DUBIN)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2007 through December 2007?

FPL: \$41,427,840 (DUBIN)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2007 through December 2007?

FPL: The total environmental cost recovery amount, adjusted for prior period true-ups and revenue taxes, is \$25,393,473. (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 2007 through December 2007?

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 2007 through December 2007?

FPL: Energy Jurisdictional Factor 98.59030%
 CP Demand Jurisdictional Factor 98.68536%
 GCP Demand Jurisdictional Factor 100.00000% (DUBIN)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2007 through December 2007 for each rate group?

FPL:	Rate Class	Environmental Recovery Factor (\$/kWh)
	RS-1/RST1	0.00024
	GS-1/GST1	0.00024
	GSD1/GSDT1/HLFT-1(21-499 kW)	0.00023
	OS2	0.00021
	GSLD1/GSLDT1/CS1/CST1/ HLFT-1 (500-1,999 kW)	0.00023
	GSLD2/GSLDT2/CS2/CST2/ HLFT-1 (2,000 +)	0.00022
	GSLD3/GSLDT3/CS3/CST3	0.00021
	ISST1D	0.00022
	ISST1T	0.00018
	SST1T	0.00018
	SST1D1/SST1D2/SST1D3	0.00022
	CILC D/CILC G	0.00021
	CILC T	0.00020
	MET	0.00023
	OL1/SL1/PL1	0.00017
	SL2/GSCU-1	0.00021

(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 2007 through December 2007 (cycle day 3 through cycle day 2). Billing cycles may start before January 1, 2007, and the last cycle may be read after December 31, 2007, 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 compliance costs relating to the Clean Air Mercury Rule as a project that qualifies for recovery through the ECRC?

FPL: Yes. This project is required in order to comply with nation-wide standards of performance for mercury emissions from coal fired electric generation units imposed by the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP). (DUBIN, LABAUVE)

ISSUE 9B: How should the projected environmental costs for the CAMR Compliance Project be allocated to the rate classes?

FPL: Proposed capital costs for the CAMR Compliance Project should be allocated to the rate classes on an average 12 CP demand basis. Projected operating and maintenance costs should be allocated to the rate classes on an energy basis. (DUBIN)

ISSUE 9C: Should the Commission approve the inclusion of Turkey Point Unit 5 as part of FPL's previously approved Selective Catalytic Reduction (SCR) Consumables Project?

FPL: FPL intends to withdraw its request to include Turkey Point Unit 5 as part of the previously approved Selective Catalytic Reduction (SCR) Consumables Project and will amend its ECRC projection filing accordingly. (DUBIN, LABAUVE)

ISSUE 9D: Are FPL's legal expenses challenging implementation of the CAIR rule included in base rates?

FPL: No. FPL did not include any costs associated with its legal challenge of the CAIR rule in the MFRs that were filed in Docket No. 050045-EI. Those MFRs were prepared before the final CAIR rule was published by EPA, and FPL had no reason at the time to anticipate that it would need to pursue a legal challenge. (DUBIN)

F. STATEMENT OF POLICY ISSUES AND POSITIONS

FPL: None at this time

G. STIPULATED ISSUES

FPL: None at this time.

H. PENDING MOTIONS

Florida Power & Light Company's Motion for Temporary Protective Order filed on September 7, 2006 for information requested in the Office of Public Counsel's First Request for Production of Documents is pending.

I. PENDING REQUEST FOR CONFIDENTIALITY

FPL has no requests for confidentiality pending at this time.

J. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT

FPL: None 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/s John T. Butler

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CERTIFICATE OF SERVICE
Docket No. 060007-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished electronically this 4th day of October, 2006 to the following:

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