

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Environmental Cost) DOCKET NO. 950007-EI
Recovery Clause.) ORDER NO. PSC-95-1051-FOF-EI
_____) ISSUED: August 24, 1995

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
JOE A. GARCIA
DIANE K. KIESLING

APPEARANCES:

Matthew M. Childs, P.A., Esquire, Steel Hector & Davis,
215 South Monroe Street, Suite 601, Tallahassee, FL 32301
On behalf of Florida Power & Light Company.

Jeffrey A. Stone, Esquire, Russell A. Badders, Esquire,
Beggs & Lane, 700 Blount Building, 3 West Garden Street,
P.O. Box 12950, Pensacola, FL 32576-2950
On behalf of Gulf Power Company.

John Roger Howe, Esquire, Deputy Public Counsel, Office
of Public Counsel, c/o The Florida Legislature, 111 West
Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida.

Joseph A. McGlothlin, Esquire, Vicki Gordon Kaufman,
Esquire, McWhirter, Reeves, McGlothlin, Davidson, Rief
and Bakas, 117 South Gadsden Street, Tallahassee, Florida
32301.
On behalf of the Florida Industrial Power Users Group.

Vicki D. Johnson, Esquire, Florida Public Service
Commission, Gerald L. Gunter Building, 2540 Shumard Oak
Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff.

Prentice Pruitt, Esquire, Florida Public Service
Commission, Gerald L. Gunter Building, 2540 Shumard Oak
Boulevard, Tallahassee, Florida 32399-0862
On behalf of the Commissioners.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ORDER APPROVING PROJECTED EXPENDITURES AND TRUE-UP
AMOUNTS FOR ENVIRONMENTAL COST RECOVERY FACTORS

BY THE COMMISSION:

Pursuant to the provisions of Section 366.8255, Florida Statutes, the Commission has established an environmental cost recovery clause to be administered in conjunction with its continuing fuel cost recovery, oil backout cost recovery, capacity cost recovery, conservation cost recovery and purchased gas cost recovery proceedings. After notice, a hearing was held in this docket on August 9, 1995, along with the hearings held in Docket No. 950001-EI.

The hearing addressed the issues set out in the body of the Prehearing Order, Order No. PSC-95-0947-PHO-EI, issued August 4, 1995. The participating parties stipulated to a resolution of all the issues presented, and we hereby approve the stipulations of the parties as described below.

The parties agreed to, and we approve as appropriate, the following final environmental cost recovery true-up amounts for the period ending March 31, 1995:

FPL: \$419,418 overrecovery.
GULF: \$101,428 overrecovery.

The parties agreed to, and we approve as appropriate, the following estimated environmental cost recovery true-up amounts for the period April, 1995 through September, 1995.

FPL: \$686,372 underrecovery.
GULF: \$522,197 overrecovery.

The parties agreed to, and we approve as appropriate, the following total environmental cost recovery true-up amounts to be collected during the period October, 1995 through March, 1996.

FPL: \$266,954 net underrecovery.
GULF: Refund of \$623,625 (excluding revenue taxes).

The parties agreed to, and we approve as appropriate, the following projected environmental cost recovery amounts for the period October, 1995 through March, 1996.

FPL: \$7,681,233.
GULF: \$5,297,190

For billing purposes, the factor shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period October, 1995 through March, 1996. Billing cycles may start before October 1, 1995, and the last cycle may be read after March 31, 1996, so that each customer is billed for six months regardless of when the adjustment factor became effective.

The depreciation rates used to calculate the depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service.

We approve the recovery through the Environmental Cost Recovery Clause of the cost for dismantlement associated with investments for approved projects. Recovery is permitted provided that the dismantlement costs are not being recovered in any other cost recovery mechanism, the dismantlement amount is supported by a dismantlement study, and the accrual is developed as prescribed in Order No. 24741, Docket No. 890186-EI.

The parties agreed to, and we approve as appropriate, the following projected environmental cost recovery allocation to the rate classes:

FPL: The costs of the National Pollutant Discharge Elimination System permit fees to the Florida Department of Environmental Protection shall be allocated on a demand basis.

FPL: The costs of fuel discharge response and clean-up activities pursuant to Florida Department of Environmental Protection Rule 17-762.820, Florida Administrative Code, shall be allocated on a demand basis for O&M costs and 12CP 1/13 for capital costs.

GULF: The costs of the National Pollutant Discharge Elimination System permit fees to the Florida Department of Environmental Protection shall be allocated on a demand basis.

GULF: The costs of the mobile equipment purchase for Substation Contamination Investigation shall be allocated on 12CP 1/13 energy basis.

GULF: The costs of the Florida Department of Environmental Protection Rule 17-551, Florida Administrative Code, Control of Lead and Copper shall be allocated on a demand basis.

The parties agreed to, and we approve as appropriate, the following Environmental Cost Recovery Factors for the period October, 1995 through March, 1996 for each rate group:

FPL:	<u>Rate Class</u>	<u>Environmental Recovery Factor (\$/KWH)</u>
	RS1	0.00023
	GS1	0.00023
	GSD1	0.00020
	OS2	0.00019
	GSLD1/CS1	0.00020
	GSLD2/CS2	0.00020
	GSLD3/CS3	0.00019
	ISST1D	0.00021
	SST1T	0.00021
	SST1D	0.00018
	CILC D/CILC G	0.00020
	CILC T	0.00019
	MET	0.00021
	OL1/SL1	0.00015
	SL2	0.00019

GULF:	<u>Rate Class</u>	<u>Environmental Recovery Factor (\$/KWH)</u>
	RS, RST	0.153
	GS, GST	0.151
	GSD, GSDT, SBS	0.136
	LP, LPT, SBS	0.126
	PX, PXT, RTP, SBS	0.116
	OSI, OSII	0.088
	OSIII	0.124
	OSIV	0.088

The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

COMPANY - SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

Florida Power & Light Company

We approve Florida Power & Light's request to recover the cost of the National Pollutant Discharge Elimination System permit fees to the Florida Department of Environmental Protection pursuant to Rule 62-4.052, Florida Administrative Code, through the Environmental Cost Recovery Clause. This activity is a requirement of the Florida Department of Environmental Protection. All expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism, and were not considered at the time of Florida Power & Light's last rate case.

We also approve FPL's request that the cost to clean up fuel oil discharges from its above ground fuel storage tanks, if found to be reasonable and prudent, be included as a separate line item within the scope of the Maintenance of Above Ground Fuel Storage Tanks activity. If appropriate, these costs shall be included as a separate line item within the scope of the Maintenance of Above Ground Fuel Storage Tanks activity. Rule 62-762.820, Florida Administrative Code, which is part of the Maintenance of Above Ground Fuel Storage Tanks Rule, requires that when evidence of a discharge is discovered the owner must contain, remove and abate the discharge. We need not determine whether the Company has prudently and reasonably incurred such expenses until after the Company actually incurs such clean-up expenses.

Gulf Power Company

The parties agreed and we approve as appropriate, Gulf Power Company's request to recover dismantlement costs totalling \$147,889 annually associated with Gulf's approved investments.

We approve Gulf Power Company's request to recover the cost of the National Pollutant Discharge Elimination System permit fees to the Florida Department of Environmental Protection pursuant to Rule 62-4.052, Florida Administrative Code, through the Environmental Cost Recovery Clause. This activity is a requirement of the Florida Department of Environmental Protection. All expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism, and were not considered at the time of Gulf Power Company's last rate case.

We also approve Gulf Power Company's request to recover the abatement expenses to reduce and control lead and copper contaminants in the water at Plant Crist and Plant Smith, as well

as the expenses for measurements and monitoring. These costs were incurred to comply with the Florida Department of Environmental Protection Rule 17-551, Florida Administrative Code, Control of Lead and Copper and therefore are appropriate for recovery through the Environmental Cost Recovery Clause. These expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism, and were not considered at the time of Gulf Power Company's last rate case.

We approve Gulf Power Company's request to recover the costs of the mobile equipment purchase for Substation Contamination Investigation through the Environmental Cost Recovery Clause. The purchase of the equipment was the least cost option and is expected to reduce charges to O&M approved activities for groundwater investigation and remediation. In addition, all expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism, and were not considered at the time of Gulf Power Company's last rate case.

Gulf requested recovery of the costs of Generation Steam Studies through the Environmental Cost Recovery Clause. The parties agreed to defer this issue until the February 1996 hearing.

The parties agreed, and we approve as appropriate, that the costs of Climate Challenge shall not be recovered through the Environmental Cost Recovery Clause.

We approve an adjustment to reverse \$28,260 of O & M expenses for the period April 1994 through March 1995. The net adjustment, with interest, shall be included in Gulf's next true-up filing.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the findings and stipulations set forth in the body of this Order are hereby approved. It is further

ORDERED that investor-owned electric utilities subject to our jurisdiction are hereby authorized to apply the environmental cost recovery factors set forth herein during the period of October 1995 through March, 1996, and until such factors are modified by subsequent Order. It is further

ORDERED that the estimated true-up amounts contained in the above environmental cost recovery factors are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based.

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By ORDER of the Florida Public Service Commission, this 24th
day of August, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Hegan
Chief, Bureau of Records

(S E A L)

VDJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.