

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Environmental Cost) DOCKET NO. 960007-EI
Recovery Clause.) ORDER NO. PSC-96-0361-FOF-EI
_____) ISSUED: March 13, 1996

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING

APPEARANCES:

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

JEFFREY A. STONE, Esquire, and RUSSELL A. BADDERS,
Esquire, of Beggs & Lane, 700 Blount Building, 3 West
Garden Street, P.O. Box 12950, Pensacola, Florida 32576-
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On behalf of Gulf Power Company.

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.

JOHN ROGER HOWE, Esquire, 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.

VICKI D. JOHNSON, Esquire, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850
On behalf of the Commission Staff.

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:

As part of the Commission's continuing fuel and energy conservation cost, purchased gas cost, and environmental cost recovery proceedings, hearings are held semi-annually. Pursuant to notice, a hearing was held in this docket on February 21, 1996. The hearing addressed the issues set out in the body of the Prehearing order, Order No. PSC-96-0239-PHO-EI, issued February 19, 1996. The participating parties stipulated to a resolution of all issues presented, and we hereby approve the stipulations of all the issues as described below.

Generic Environmental Cost Recovery Issues

The parties agreed to and we approve as appropriate, the following final environmental cost recovery true-up amounts for the period ending September 30, 1995:

FPL: \$583,626 overrecovery for the period including interest.

GULF: \$700,728 overrecovery.

The parties agreed to and we approve as appropriate, the following estimated environmental cost recovery true-up amounts for the period October 1995 through March 1996:

FPL: \$2,021,658 underrecovery for the period including interest.

GULF: \$669,968 underrecovery.

The parties agreed to and we approve as appropriate, the following total environmental cost recovery true-up amounts to be collected during the period April 1996 through September 1996:

FPL: \$1,438,032 net underrecovery.

GULF: Refund of \$30,760 (excluding revenue taxes).

The parties agreed to and we approve as appropriate, the following projected environmental cost recovery amounts for the period April 1996 through September 1996:

FPL: The appropriate projected environmental cost recovery amount to be collected during the period is \$5,695,286. This amount consists of \$4,167,068 of projected environmental compliance cost for the period net of the prior period underrecovery and adjusted for taxes.

GULF: \$5,928,949.

We find the new environmental cost recovery factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period April 1996 through September 1996. Billing cycles may start before April 1, 1996, and the last cycle may be read after September 30, 1996, so that each customer is billed for six months regardless of when the adjustment factor became effective.

The parties agreed and we find that the appropriate depreciation rates to be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected during the period April 1996 through September 1996 are the rates that will be in effect during the period the allowed capital investment is in service.

The newly proposed environmental costs are related to Florida Power & Light Company's St. Lucie Plant Sea Turtle Barrier. The parties agreed and we find that these costs should be allocated to the rate classes on 12CP and 1/13 basis.

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

FPL:	<u>Rate Class</u>	<u>Environmental Recovery Factor (\$/KWH)</u>
	RS1	0.00015
	GS1	0.00015
	GSD1	0.00013
	OS2	0.00012
	GSLD1/CS1	0.00013
	GSLD2/CS2	0.00013
	GSLD3/CS3	0.00012

<u>Rate Class</u>	<u>Environmental Recovery Factor (\$/KWH)</u>
ISST1D	0.00013
SST1T	0.00014
SST1D	0.00011
CILC D/CILC G	0.00013
CILC T	0.00012
MET	0.00014
OL1/SL1	0.00010
SL2	0.00012

GULF: See table below:

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST	0.136
GS, GST	0.135
GSD, GSdT, SBS	0.120
LP, LPT, SBS	0.111
PX, PXT, RTP, SBS	0.101
OSI, OSII	0.074
OSIII	0.109
OSIV	0.074

The parties agreed that the Environmental Cost Recovery Clause true-up amounts should be divided into energy and demand components based on actual project expenditures. The schedules currently filed by the companies provide sufficient information to adopt this method. This is a more accurate method than the current practice, whereby the true-up is allocated based on the proportion of demand and energy amounts for the current projection period; therefore, we approve the stipulated methodology. This treatment shall be adopted beginning with the next final true-up filing.

Company - Specific Environmental Cost Recovery Issues

Gulf Power Company

We approve Gulf Power Company's recovery of the costs of Clean Air Act Compliance Studies through the Environmental Cost Recovery Clause.

Gulf accumulated its charges for preliminary studies in deferred debit account 183-741. By October 1992, the cumulative total deferred debit amount for Generation System Studies (Clean Air Act Compliance Studies) was charged to PE 1236 and 1228 (Low NOx Burners on Crist 6 & 7). These charges represent system planning costs to determine the most cost-effective alternative in meeting environmental requirements. Because the costs were not included in the company's last rate case nor in base rates and are not being recovered through any other mechanism, we find these charges are appropriate for recovery through the Environmental Cost Recovery Clause.

Florida Power & Light Company

The following issue has been deferred until the August 1996 hearing:

Should the Commission approve Florida Power & Light Company's request to recover the cost of the St. Lucie Plant Sea Turtle Barrier through the Environmental Cost Recovery Clause?

Florida Power & Light Company (FPL) has requested recovery of the cost of the St. Lucie Plant Sea Turtle Barrier through the Environmental Cost Recovery Clause. FPL has provided documentation which shows that installation of the five inch mesh barrier net at St. Lucie likely will be required in the near future; however, the documents do not show that this project currently is required by an environmental law or regulation as defined in Section 366.8255, Florida Statutes. FPL provided our staff with a "draft" copy of the Nuclear Regulatory Commission's Biological Opinion which calls for the new five inch mesh barrier net. This document resulted from an Endangered Species Act Section 7 Consultation which was conducted by the National Marine Fisheries Service. Due to the recent federal government shutdowns, issue of the Biological Opinion has been delayed. FPL anticipates that this report will be issued before the August hearing. The company will be allowed to include these costs in the April to September 1996 recovery period subject to the Commission's decision on this issue in August 1996.

We approve Florida Power & Light Company's request to recover the costs of the current spill abatement project at the Riviera Plant. This project, which has been included in the activity titled Maintenance of Stationary Above Ground Fuel Storage Tanks - Spill Abatement, is a requirement of Rule 62-762.820, Florida Administrative Code. 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. Final disposition of the costs incurred in this activity will be subject to audit.

FPL could have detected the spill at the Riviera Plant in sufficient time to project these O&M expenditures for the October 1995 to March 1996 period. In the future, the company shall ensure that all expected costs related to known activities are included in its projections.

For reasons similar to those discussed above with respect to the spill abatement project at Riviera Plant, we also approve Florida Power & Light Company's request to recover the costs of the current spill abatement project at the Sanford Plant.

In consideration of the foregoing, it is

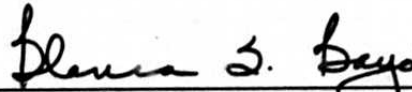
ORDERED by the Florida Public Service Commission that the findings and stipulations set forth in the body of this Order are hereby approved. It is further

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 April, 1996 through September, 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 13th
day of March, 1996.



BLANCA S. BAYO, Director
Division of Records and Reporting

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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.