

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost  
recovery clause.

DOCKET NO. 000007-EI  
ORDER NO. PSC-00-2391-FOF-EI  
ISSUED: December 13, 2000

The following Commissioners participated in the disposition  
of this matter:

E. LEON JACOBS  
LILA A. JABER  
BRAULIO L. BAEZ

APPEARANCES:

MATTHEW M. CHILDS, ESQUIRE, Steel Hector & Davis, LLP,  
215 S. Monroe Street, Suite 601, Tallahassee, FL 32301  
On behalf of Florida Power & Light Company (FPL).

JEFFREY A. STONE, ESQUIRE, and 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 (GULF).

JAMES D. BEASLEY, ESQUIRE, Ausley & McMullen, Post Office  
Box 391, Tallahassee, FL 32302  
On behalf of Tampa Electric Company (TECO).

JOHN W. MCWHIRTER, JR., ESQUIRE, McWhirter Reeves  
McGlothlin Davidson Decker Kaufman Arnold & Steen, P.A.,  
400 North Tampa Street, Suite 2450, Tampa, FL 33601-3350  
and JOSEPH A. MCGLOTHLIN, ESQUIRE, and VICKI GORDON  
KAUFMAN, ESQUIRE, McWhirter Reeves Davidson Decker  
Kaufman Arnold & Steen, P.A., 117 South Gadsden Street,  
Tallahassee, FL 32301  
On behalf of Florida Industrial Power Users Group  
(FIPUG).

STEPHEN C. BURGESS, ESQUIRE, Deputy Public Counsel,  
Office of Public Counsel (OPC), c/o the Florida  
Legislature, 111 West Madison Street, Room 812,  
Tallahassee, FL 32399-1400  
On behalf of the Citizens of the State of Florida.

DOCUMENT NUMBER-DATE

15923 DEC 13 8

FPSC-RECORDS/REPORTING

ROBERT V. ELIAS, ESQUIRE, Florida Public Service  
Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
Florida 32399-0850  
On behalf of the Commission Staff (Staff).

**FINAL ORDER APPROVING ENVIRONMENTAL COST RECOVERY**

**I. CASE BACKGROUND**

As part of the Commission's ongoing continuing fuel cost, conservation cost recovery, purchased gas adjustment and environmental cost recovery proceedings, a hearing was held on November 20, 2000, in this docket and in Docket No. 000001-EI, Docket No. 000002-GU, and Docket No. 000003-EI. Prior to the hearing, the parties have reached agreement on all issues. Therefore, the case was presented as a stipulation. We accept and approve the stipulations as reasonable.

**II. GENERIC ENVIRONMENTAL COST RECOVERY ISSUES**

**A. Final Environmental Cost Recovery True-up Amounts for the Period Ending December 31, 1999**

We approve as reasonable, the following stipulation for the final environmental cost recovery true-up amounts for the period ending December 31, 1999:

FPL: \$1,644,089 over recovery.  
TECO: \$281,469 over recovery.  
GULF: \$541,592 over recovery.

**B. Estimated Environmental Cost Recovery True-up Amounts for the Period January 2000 Through December 2000**

We approve as reasonable, the following stipulation for the estimated environmental cost recovery true-up amounts for the period January 2000 through December 2000:

FPL: \$2,019,621 over recovery.  
TECO: \$3,066,655 under recovery.  
GULF: \$1,266,925 over recovery.

C. Total Environmental Cost Recovery True-up Amounts to Be Collected or Refunded During the Period January 2001 Through December 2001

We approve as reasonable, the following stipulation for the total environmental cost recovery true-up amounts to be collected or refunded during the period January 2001 through December 2001:

FPL: \$3,663,710 to be refunded.  
TECO: \$2,892,660 to be recovered.  
GULF: \$1,808,517 to be refunded.

D. Projected Environmental Cost Recovery Amounts for the Period January 2001 Through December 2001

We approve as reasonable, the following stipulation for the projected environmental cost recovery amounts for the period January 2001 through December 2001:

FPL: \$6,400,000  
TECO: \$28,083,687  
GULF: \$10,786,018

E. Effective Date of the Environmental Cost Recovery Factors for Billing Purposes

We approve as reasonable, the following stipulation for the effective date of the environmental cost recovery factors for billing purposes:

The factors shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January, 2001, through December, 2001. Billing cycles may start before January 1, 2001, and the last cycle may be read after December 31, 2001, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

F. Depreciation Rates to Be Used to Develop the Depreciation Expense Included in the Total Environmental Cost Recovery Amounts for the Period January 2001 Through December 2001

We approve as reasonable, the following stipulation for the depreciation rates to be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2001 through December 2001:

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.

G. Jurisdictional Separation Factors for the Projected Period January 2001 Through December 2001

We approve as reasonable, the following stipulation for the jurisdictional separation factors for the projected period January 2001 through December 2001:

**FPL:** Energy Jurisdictional factor 98.94554%;  
CP Demand Jurisdictional Factor 99.01014%

**GULF:** The demand jurisdictional separation factor is .9650747. The energy jurisdictional separation factors are calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.

**TECO:** As shown in the revised testimony of Witness Zwolak (projection filing), Exhibit KOZ-3, Document No. 1, page 1 of 1, Form 42-2P, lines 5 and 6, and page 19 of 19, Form 42-4P, line 10.

H. Environmental Cost Recovery Factors for the Period January, 2001, Through December, 2001, for Each Rate Group

We approve as reasonable, the following environmental cost recovery factors for the period January, 2001, through December, 2001, for each rate group:

<b><u>FPL:</u></b> <u>RATE CLASS</u>	<u>ENVIRONMENTAL RECOVERY</u> <u>FACTOR (\$KWH)</u>
RS1	0.00008

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GS1	0.00007
GSD1	0.00007
OS2	0.00007
GSLD1/CS1	0.00007
GSLD2/CS2	0.00006
GSLD3/CS3	0.00006
ISST1D	0.00006
SST1T	0.00005
SST1D	0.00007
CILC D/CILC G	0.00006
CILC T	0.00005
MET	0.00007
OL1/SL1	0.00006
SL2	0.00006

GULF:

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST, RSVP	0.096
GS, GST	0.096
GSD, GSDT	0.087
LP, LPT	0.082
PX, PXT, RTP, SBS	0.077
OSI, OSII	0.063
OSIII	0.081
OSIV	0.069

**TECO:** The appropriate factors are:

<u>Rate Class</u>	<u>Factor (cents/kWh)</u>
RS, RST	\$0.165
GS, GST, TS	\$0.165
GSD, GSDT	\$0.164
GSLD, GSLDT, SBF, SBFT	\$0.163
IS1, IST1, SBL1, IS3, IST3, SBI3	\$0.159
SL, OL	\$0.162
Average Factor	\$0.164

### **III. COMPANY SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES**

#### **A. Florida Power & Light Company**

1. Effect of Florida Power & Light Company's Stipulation, in Order No. PSC.-99-0519-as-EI, on the Company's Level of Recovery for 2001

We approve as reasonable, the following stipulation regarding the effect of Florida Power & Light Company's stipulation, in Order No. PSC.-99-0519-AS-EI, on the company's level of recovery for 2001:

Florida Power & Light Company shall be required to follow the provisions of the stipulation. For 2001, the stipulation does not allow FPL to recover a level of costs, including true-ups, in excess of \$6.4 million. The level of costs incurred above the cap shall not be recovered through the ECRC in future periods.

#### **B. Gulf Power Company**

1. Allocation to Rate Classes of the Newly Proposed Environmental Costs for the Generic No<sub>x</sub> Control Intelligent System to Plant Smith Unit 1 Project

We approve as reasonable, the following stipulation regarding allocation to rate classes of the newly proposed environmental costs for the Generic NO<sub>x</sub> Control Intelligent System to Plant Smith Unit 1 project:

The recoverable costs for Generic NO<sub>x</sub> Control Intelligent System to Plant Smith Unit 1 shall be allocated to the rate classes on an energy basis.

2. Gulf Power Company's Request for Recovery of Costs for the Consumptive Water Use Monitoring Activity

We approve as reasonable, the following stipulation regarding Gulf Power Company's request for recovery of costs for the Consumptive Water Use Monitoring Activity:

This matter was voted on in Docket No. 000808-EI at the September 26, 2000, Agenda Conference. The Consumptive Water Use Monitoring Activity was approved for recovery through the ECRC.

3. Allocation to Rate Classes of Environmental Costs for the Consumptive Water Use Monitoring Activity

We approve as reasonable, the following stipulation regarding allocation to rate classes of environmental costs for the Consumptive Water Use Monitoring Activity:

The recoverable costs for Consumptive Water Use Monitoring Activity shall be allocated to the rate classes using the 12 Coincident Peak and 1/13 Average Demand method.

4. Gulf Power Company's Request for Recovery of Costs for the Gulf Coast Ozone Study

We approve as reasonable, the following stipulation regarding Gulf Power Company's request for recovery of costs for the Gulf Coast Ozone Study:

This project was approved for cost recovery in Order No. PSC.-00-1167-PAA-EI. Gulf requested recovery of amounts

that have been calculated consistent with Order No. PSC.-  
00-1167-PAA-EI.

**C. Tampa Electric Company**

1. Recovery of Costs of the Big Bend Units 1, 2, and 3 Flue Gas Desulfurization System Optimization and Utilization Program

We approve as reasonable, the following stipulation regarding recovery of costs of the Big Bend Units 1, 2, and 3 Flue Gas Desulfurization System Optimization and Utilization Program:

By Order No. PSC.-00-1906-PAA-EI, issued October 18, 2000, in Docket No. 000685-EI, we found that the proposed program qualified for recovery through the ECRC.

2. Allocation to Rate Classes of the Environmental Costs for the Big Bend Units 1, 2, and 3 Flue Gas Desulfurization System Optimization and Utilization Program

We approve as reasonable, the following stipulation regarding allocation to rate classes of the environmental costs for the Big Bend Units 1, 2, and 3 Flue Gas Desulfurization System Optimization and Utilization Program:

The Big Bend Units 1, 2, and 3 Flue Gas Desulfurization System Optimization and Utilization Program is necessary to meet the requirements of the DEP and EPA pursuant to authority derived from the Clean Air Act. Therefore, the recoverable costs shall be allocated to the rate classes on an energy basis as set forth in our previous Orders.

3. Tampa Electric Company's Request for Recovery of Costs of the Particulate Emission Minimization and Monitoring Program



We approve as reasonable, the following stipulation regarding Tampa Electric Company's request for recovery of costs of the Particulate Emission Minimization and Monitoring Program:

This matter was voted on in Docket No. 001186-EI at the October 17, 2000, Agenda Conference. We found that the proposed program qualifies for recovery through the ECRC.

4. Allocation to Rate Classes of the Environmental Costs for the Particulate Emission Minimization and Monitoring Program

We approve as reasonable, the following stipulation regarding allocation to rate classes of the environmental costs for the Particulate Emission Minimization and Monitoring Program:

The Particulate Emission Minimization and Monitoring Program is necessary to meet the requirements of the DEP and EPA pursuant to authority derived from the Clean Air Act. Therefore, the recoverable costs shall be allocated to the rate classes on an energy basis as set forth in our previous Orders.

5. Tampa Electric Company's Request for the Recovery of Costs of the Reduction of Nitrogen Oxide Emission Program

We approve as reasonable, the following stipulation regarding Tampa Electric Company's request for the recovery of costs of the Reduction of Nitrogen Oxide Emission Program:

This matter was voted on in Docket No. 001186-EI at the October 17, 2000, Agenda Conference. We found that the proposed program qualifies for recovery through the ECRC.

6. Allocation to Rate Classes of the Environmental Costs for the Reduction of Nitrogen Oxide Emission Program

We approve as reasonable, the following stipulation regarding allocation to rate classes of the environmental costs for the Reduction of Nitrogen Oxide Emission Program:

The Particulate Emission Minimization and Monitoring Program is being done to meet the requirements of the DEP and EPA pursuant to authority derived from the Clean Air Act. Therefore, the recoverable costs should be allocated to the rate classes on an energy basis as set forth in our previous Orders.

7. Tampa Electric Company's Request for the Recovery of Costs of the Big Bend Unit 4 Particulate Matter Continuous Emission Monitor

We approve as reasonable, the following stipulation regarding Tampa Electric Company's request for the recovery of costs of the Big Bend Unit 4 Particulate Matter Continuous Emission Monitor:

TECO's estimated in service cost for the Particulate Matter Continuous Emission Monitor (PM-CEM) on Big Bend Unit 4 is \$178,050 based on preliminary quotations. This project is a condition in TECO's settlement with the EPA. TECO's estimated compliance date for this activity is March 1, 2002. TECO's base rates were not set to include the specific costs for a PM-CEM on any of TECO's generating units. Therefore, the cost project shall be recovered through the ECRC.

8. Allocation to Rate Classes for the Big Bend Unit 4 Particulate Matter Continuous Emission Monitor

We approve as reasonable, the following stipulation regarding allocation to rate classes for the Big Bend Unit 4 Particulate Matter Continuous Emission Monitor:

The recoverable costs shall be allocated to the rate classes on an energy basis.

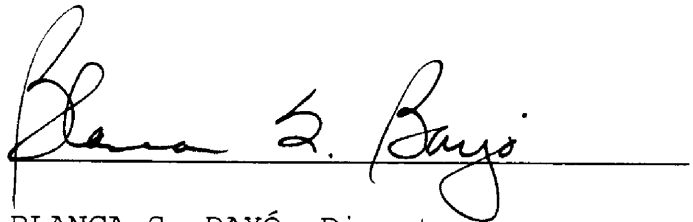
Based on the foregoing, it is

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

ORDERED that the utilities named herein are authorized to collect the environmental cost recovery amounts and use the factors approved herein beginning with the specified environmental cost recovery cycle and thereafter for the period of January, 2001, through December, 2001. Billing cycles may start before January 1, 2001, and the last cycle may be read after December 31, 2001, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

By ORDER of the Florida Public Service Commission this 13th Day of December, 2000.

A handwritten signature in black ink, reading "Blanca S. Bayó", is written over a horizontal line. The signature is cursive and includes a large initial 'B'.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

MKS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

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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.