

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost
recovery clause.

DOCKET NO. 030007-EI
ORDER NO. PSC-03-1348-FOF-EI
ISSUED: November 25, 2003

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

APPEARANCES:

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On behalf of Florida Power & Light Company (FPL)

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On behalf of Gulf Power Company (GULF)

GARY V. PERKO, ESQUIRE, Hopping, Green & Sams, P.A., Post
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On behalf of Progress Energy Florida (PEF)

JAMES A. MCGEE, ASSOCIATE GENERAL COUNSEL, 100 Central
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On behalf of Progress Energy Florida (PEF)

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Florida 32302
On behalf of Tampa Electric Company (TECO)

JOHN W. MCWHIRTER, JR., ESQUIRE, McWhirter Reeves
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On Behalf of the Florida Industrial Power Users Group
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MARLENE K. STERN, ESQUIRE, and ADRIENNE VINING, ESQUIRE,
Florida Public Service Commission, 2540 Shumard Oak
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On behalf of the Florida Public Service Commission (FPSC)

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

I. CASE BACKGROUND

As part of the Commission's ongoing environmental cost recovery proceedings, a hearing was held on November 12, 2003, in this docket. The hearing addressed the issues set out in the body of the Prehearing Order. The parties have stipulated to several of the issues. The stipulations are described below.

II. STIPULATED GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

We approve as reasonable the stipulations on generic issues listed below.

A. Final environmental cost recovery true-up amounts for the period ending December 31, 2002

FPL: \$205,349 over recovery
PEF: \$38,833 under recovery
Gulf: \$229,600 over recovery
TECO: \$456,568 under recovery

B. Estimated environmental cost recovery true-up amounts for the period January 2003 through December 2003

FPL: \$850,933 over recovery
Gulf: \$209,163 over recovery
PEF: \$10,822,944 under-recovery
TECO: \$163,803 under recovery

- C. Total environmental cost recovery true-up amounts to be collected or refunded during the period January 2004 through December 2004

FPL: \$1,056,282 over recovery
Gulf: \$438,763 over recovery
PEF: \$10,861,777 under-recovery
TECO: \$620,371 under recovery

- D. Projected environmental cost recovery amounts for the period January 2004 through December 2004

FPL: \$13,798,551
Gulf: \$14,101,273
PEF: \$10,236,534
TECO: \$26,200,066

- E. Environmental cost recovery amounts, including true-up amounts, for the period January 2004 through December 2004

FPL: \$12,945,763 (including true-up amounts and adjusted for revenue taxes.
Gulf: \$13,672,347 adjusted for taxes.
PEF: \$21,113,502 adjusted for revenue taxes.
TECO: \$26,820,437 or \$26,839,747 adjusted for taxes.

- F. Depreciation rates to be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2004 through December 2004

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.

G. Jurisdictional separation factors for the projected period
January 2004 through December 2004

FP&L: Energy Jurisdictional Factor: 98.750007%
CP Demand Jurisdictional Factor: 98.84301%
GCP Demand Jurisdictional Factor: 100.00000%

GULF: The demand jurisdictional separation factor is 96.50187%.
Energy jurisdictional separation factors are calculated
each month based on retail KWH sales as a percentage of
projected total territorial KWH sales.

PEF: The jurisdictional energy separation factor is calculated
for each month based on retail kWh sales as a percentage
of projected total system kWh sales.

Transmission demand jurisdictional factor - 72.115%
Distribution demand jurisdictional factor - 99.529%
Composite Production demand jurisdictional factor -
90.897%
Composite Production energy jurisdictional O&M factor -
91.848%

For 2003 and 2004 actual purposes, PEF will use
production stratified separation factors.

TECO: The demand jurisdictional separation factor is 95.43611%.
The energy jurisdictional separation factors are
calculated for each month based on projected retail kWh
sales as a percentage of projected total system kWh
sales.

H. Environmental cost recovery factors for the period January,
2004, through December, 2004, for each rate group

FP&L:

Rate Class	Environmental Recovery Factor (\$/kWh)
RS- 1	0.00013
GS- 1	0.00013
GSD 1	0.00012
OS2	0.00015
GSLD1/CSI	0.00012
GSLD21CS2	0.00012
GSLD3/CS3	0.00011
SST1T	0.00010
SST1D	0.00012
CILC D/CILC G	0.00011
CILC T	0.00010
MET	0.00013
OL1/SL1/PL1	0.00009
SL2	0.00011

GULF:

Rate Class	Environmental Cost Recovery Factors ¢/KWH
RS, RSVP	.136
GS	.135
GSD, GSDT, GSTOU	.128
LP, LPT	.121
PX, PXT, RPT, SBS	.116
OSI, OSII	.104

Rate Class	Environmental Cost Recovery Factors ¢/KWH
OSIII	.119
OSIV	.104

PEF:

Rate Class	<u>ECR</u> <u>Factor</u> <u>cents/kWh</u>
Residential	0.061
General Service Non-Demand	
@Secondary Voltage	0.058
@Primary Voltage	0.057
@Transmission Voltage	0.057
General Service 100% Load Factor	0.032
General Service Demand	
@Secondary Voltage	0.048
@Primary Voltage	0.048
@Transmission Voltage	0.047
Curtable	
@Secondary Voltage	0.057
@Primary Voltage	0.056
Interruptible	
@Secondary Voltage	0.037
@Primary Voltage	0.037
@Transmission Voltage	0.036
Lighting	0.051

TECO:

<u>Rate Class</u>	<u>Factor</u> <u>(cents/kWh)</u>

RS, RST	0.144
GS, GST, TS	0.144
GSD, GSdT	0.143
GSLD, GSLDT, SBF	0.142
IS1, IST1, SBI1, SBIT1, IS3, IST3, SBI3, SBIT3	0.137
SL, OL	0.142
Average Factor	0.143

I. Effective date of the environmental cost recovery factors for billing purposes

The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2004 through December 2004. Billing cycles may start before January 1, 2004, and the last cycle may be read after December 31, 2004, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

III. STIPULATED COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

We approve as reasonable the company-specific stipulations listed below.

A. Florida Power & Light

1. FPL's request for recovery of costs for the Underground Storage Tank Replacement/Removal

This project should be approved. The project is required by Rule 62-761.500, Florida Administrative Code. Recovery through the Environmental Cost Recovery Clause will not provide double recovery.

2. Allocation of FPL's newly proposed environmental costs for the Underground Storage Tank Replacement/Removal to the rate classes

Proposed costs for the UST Replacement/Removal Project should be allocated to the rate classes on an average 12 Coincident Peak demand basis.

3. Approval of FPL's request for recovery of costs for the Lowest Quality Water Source Project

This project should be approved. This project is required in order to comply with conditions in the consumptive use permits (CUPs) issued for FPL's Sanford and Cape Canaveral plants by the St. Johns River Water Management District. The purpose of those conditions is to preserve Florida's groundwater, an important environmental resource. The project will satisfy these CUP conditions in a cost-effective manner.

4. Allocation of FPL's newly proposed environmental costs for the Lowest Quality Water Source Project to the rate classes

Proposed costs for the LQWS Project should be allocated to the rate classes on an average 12 Coincident Peak demand basis.

5. Approval of FPL's request for recovery of costs for the Port Everglades Electrostatic Precipitator Technology Project

This project should be approved for cost recovery through the ECRC. FPL's Title V permit for Port Everglades, No. 0110036-006-AV, effective January 1, 2004, expressly requires installation of an electrostatic precipitator.

6. Allocation of FPL's costs for the Port Everglades Electrostatic Precipitator Technology Project to the rate classes

Proposed costs for the Port Everglades ESP Technology Project should be allocated to the rate classes on an energy basis.

7. Approval of FPL's request for recovery of costs for the inclusion of the Manatee Plant in FPL's Wastewater/Stormwater Discharge Elimination & Reuse (WSDER) Project

This project should be approved for cost recovery through the ECRC. FPL must meet BMP3 requirements at its Manatee plant as a condition of the NPDES permit for the plant, as is the case for several other plants. FPL did not originally include the Manatee Plant in its request for approval of the WSDER Project because it anticipated addressing wastewater and stormwater management issues through the Orimulsion certification that it was seeking at the time.

8. Allocation of FPL's costs for the WSDER Project to the rate classes

Proposed costs for the WSDER Project should be allocated to the rate classes on an average 12 Coincident Peak demand basis.

B. PEF Specific Issues

1. Approval of PEF's request for recovery of costs for the Pipeline Integrity Management Program

This project should be approved for cost recovery through the ECRC. These costs meet the requirements of Section 366.8255, Florida Statutes.

2. Allocation of PEF's costs for the Pipeline Integrity Management Program to the rate classes

The capital costs for the Pipeline Integrity Management Program should be allocated to the rate classes on a 12 Coincident Peak and 1/13 Average Demand basis and the O&M costs should be allocated on an energy basis.

3. Approval of PEF's request for recovery of costs for the Aboveground Tank Secondary Containment Program

PEF should be allowed to recover costs through the ECRC for the installation of or upgrades to secondary containment for field-erected above ground storage tank systems as required by the 1998 amendments incorporated into Rule 62-761.510 (Table AST, Keynotes W and U), Florida Administrative Code. If PEF seeks recovery for any other activities under the Project it shall identify those as new activities in testimony in future proceedings in the ongoing Environmental Cost Recovery Clause Docket. This does not preclude PEF from filing a petition for recovery of Project costs at any other time during the year.

4. Allocation of PEF's costs for the Aboveground Storage Tank Secondary Containment Program to the rate classes

The recoverable costs for the Aboveground Tank Secondary Containment Program should be allocated to the rate classes on a 12 Coincident Peak and 1/13 Average Demand basis.

C. Gulf Specific Issues

1. Approval Gulf's request for recovery of costs for the Plant Crist Fourier Transform Infrared Spectrometer through the Environmental Cost Recovery Clause

This project should be approved for cost recovery through the ECRC. The Crist Unit 7 SCR Construction Permit

requires monitoring for ammonia in stack gas emissions. The FTIR is the best, cost-effective method to monitor ammonia emissions as required in that Construction Permit.

2. Allocation of Gulf's costs for the Plant Crist Fourier Transform Infrared Spectrometer to the rate classes

The capital costs associated with this project should be allocated to the rate classes on an energy basis.

3. Approval of Gulf's request for recovery of costs for the Plant Crist Stormwater Project

This project should be approved for cost recovery through the ECRC. The Spill Prevention Control and Countermeasures regulation (Title 40, Code of Federal Regulation Part 112) was revised to include oil-containing electrical equipment. Gulf must implement appropriate containment and/or diversionary structures to prevent oil from this equipment from entering waterways. This project is required for Gulf to comply with this new requirement.

4. Allocation of Gulf's costs for the Plant Crist Stormwater Project to the rate classes

The capital costs associated with his project should be allocated to the rate classes on a 12 Coincident Peak and 1/13 Average Demand basis.

D. TECO Specific Issues

1. Allocation of the costs for the Bayside SCR Consumables Project, approved in Order No. PSC-03-0469-PAA-EI, in Docket No. 021255, issued on April 4, 2003, to the rate classes

The costs should be allocated on an energy basis.

2. Allocation of the costs for the Big Bend Unit 4 SOFA Project, approved in Order No. PSC-03-0684-PAA-EI, issued on June 6, 2003, to the rate classes

The costs should be allocated on an energy basis.

IV. OTHER MATTERS

We note that between the issuance of the Prehearing Order, Order No. PSC-03-1245-PHO-EI, in this docket and the hearing that Gulf deferred its request for cost recovery of the proposed Scrubber Study (issue 12A in the Prehearing Order). Gulf intends to refile its request during the upcoming year.

Based on the foregoing, it is

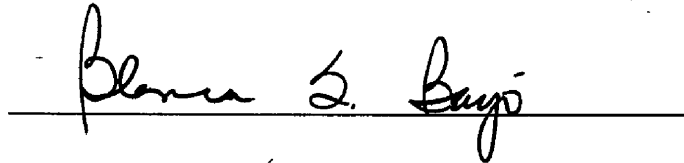
ORDERED by the Florida Public Service Commission that the stipulations set forth in the body of this Order are hereby approved. It is further

ORDERED that each utility that was a party to this docket shall abide by the stipulations herein which are applicable to it. 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 2003 through December 2003. Billing cycles may start before January 1, 2003, and the last cycle may be read after December 31, 2003, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

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By ORDER of the Florida Public Service Commission this 25th
Day of November, 2003.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(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.

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 the Commission Clerk and Administrative Services, 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

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of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services 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.