

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 070007-EI
ORDER NO. PSC-07-0886-PHO-EI
ISSUED: November 1, 2007

Pursuant to Notice and in accordance with Rule 28-106.209, F.A.C., a Prehearing Conference was held on October 22, 2007, in Tallahassee, Florida, before Commissioner Matthew M. Carter, II, as Prehearing Officer.

APPEARANCES:

R. WADE LITCHFIELD, ESQUIRE, Vice President and Associate General Counsel, and JOHN T. BUTLER, ESQUIRE, Senior Attorney, 700 Universe Boulevard, Juno Beach, FL 33408-0420

On behalf of Florida Power & Light Company (FPL).

JOHN T. BURNETT, ESQUIRE, Associate General Counsel, and R. ALEXANDER GLENN, ESQUIRE, Deputy General Counsel, 299 1st Avenue North, St. Petersburg, FL 33701 and GARY PERKO, ESQUIRE, and VIRGINIA C. DAILEY, ESQUIRE, Hopping Law Firm, Post Office Box 6526, Tallahassee, FL 32314

On behalf of Progress Energy Service Company, LLC (PEF).

JEFFREY A. STONE, ESQUIRE, RUSSELL A. BADDERS, ESQUIRE AND STEVEN GRIFFIN, Beggs & Lane Law Firm, Post Office Box 12950, Pensacola, FL 32591-2950

On behalf of Gulf Power Company (Gulf).

LEE L. WILLIS, ESQUIRE and JAMES D. BEASLEY, ESQUIRE, Ausley Law Firm, Post Office Box 391, Tallahassee, FL 32302

On behalf of Tampa Electric Company (TECO).

CHARLES J. BECK, ESQUIRE, JOSEPH E. MCGLOTHLIN, ESQUIRE, AND PATRICIA CHRISTENSEN, ESQ., c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400

On behalf of Office of Public Counsel (OPC).

JOHN M. MCWHIRTER, JR., ESQUIRE, c/o McWhirter Law Firm, 400 North Tampa Street, Suite 2450, Tampa, FL 33602

On behalf of Florida Industrial Power Users Groups (FIPUG).

DOCUMENT NUMBER-DATE

09966 NOV-15

FPSC-COMMISSION CLERK

MARTHA C. BROWN, ESQUIRE, Florida Public Service Commission, 2540
Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing environmental cost recovery clause proceedings, the Commission has set a hearing for November 6-8, 2007 in this docket and in Docket No. 070001-EI, Docket No. 070002-EI, Docket No. 070003-GU and Docket No. 070004-GU. The Commission has the option to render a bench decision in this matter.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code (F.A.C.), this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Section 366.8255, Florida Statutes (F.S.). This hearing will be governed by that statute, Chapter 120, F.S., and Rules 25-22.075 and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding.

Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the confidential files of the Office of the Commission Clerk. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VI. ORDER OF WITNESSES

Each witness whose name is preceded by an asterisk (*) has been excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified by Thursday, November 1, as to whether any such witness shall be required to be present at the hearing. The testimony of excused witnesses will be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section X of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
K. M. Dubin	FPL	1, 2, 3, 4, 5, 6, 7, 8, 9B, 9D, 9F
R. R. LaBauve	FPL	9A, 9C, 9E, 9G
*Will Garrett	PEF	1, 4
*Kent D. Hedrick	PEF	1, 4
*Patricia Q. West	PEF	1, 2, 3, 4, 10A
*Lisa Lohss	PEF	2, 3, 4,
*Donald R. Ennis	PEF	3, 4
Thomas Cornell	PEF	10A
Samuel Waters	PEF	10A
*Joseph McCallister	PEF	3, 4, 10A
*Maritza Iacono	PEF	1, 2, 3, 4, 5, 6, 7, 8
*J. O. Vick	GULF	1, 2, 3, 4
*R. J. Martin	GULF	1, 2, 3, 4, 5, 6, 7, 8
*Howard T. Bryant	TECO	1, 2, 3, 4, 5, 6, 7, 8
*Paul L. Carpinone	TECO	3

VII. BASIC POSITIONS

- FPL:** The Commission should approve for environmental cost recovery FPL's proposed St. Lucie Cooling Water System Inspection and Maintenance Project, Martin Plant Drinking Water System Compliance Project and Low Level Radioactive Waste Storage Project, and find that the projected costs for FPL's Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) compliance projects reflected in FPL's March 30, 2007 supplemental filing are reasonable and prudent. The Commission should also approve FPL's calculation of its environmental cost recovery final true-up for the period January 2006 through December 2006, the actual/estimated environmental cost recovery true-up for the current period January 2007 through December 2007, and FPL's projected ECRC cost recovery amounts and proposed ECRC factors for the period January 2008 through December 2008.
- PEF:** The Commission should approve PEF's calculation of its ECRC final true-up for the period January 2006 through December 2006, its actual/estimated ECRC true-up for the period January 2007 through December 2007, its projected ECRC cost recovery amounts and it proposed ECRC factors for the period January 2008 through December 2008. The Commission also should approve PEF's updated Integrated Clean Air Compliance Plan as a reasonable and prudent plan for achieving and maintaining compliance with the Clean Air Interstate Rule ("CAIR"), Clean Air Mercury Rule ("CAMR") and Clean Air Visibility Rule ("CAVR") and related regulatory requirements. PEF has performed qualitative and quantitative evaluations to compare the ability of alternative compliance plans to meet environmental requirements, while managing risks and controlling costs. This analysis demonstrates that PEF's updated Integrated Compliance Plan represents PEF's most cost-effective alternative for achieving and maintaining compliance with the applicable regulatory requirements and is reasonable and prudent.
- GULF:** It is the basic position of Gulf Power Company that the environmental cost recovery factors proposed by the Company present the best estimate of Gulf's environmental compliance costs recoverable through the environmental cost recovery clause for the period January 2008 through December 2008 including the true-up calculations and other adjustments allowed by the Commission.
- TECO:** The Commission should approve for environmental cost recovery the compliance programs described in the testimony and exhibits of Tampa Electric Witnesses Bryant and Carpinone. The Commission should also approve Tampa Electric's calculation of its environmental cost recovery final true-up for the period January 2006 through December 2006, the actual/estimated environmental cost recovery true-up for the current period January 2007 through December 2007, and the company's projected ECRC revenue requirement and the company's proposed ECRC factors for the period January 2008 through December 2008

OPC: No position.

FIPUG: FIPUG'S basic position is that there should be no double recovery for costs that are already included in base rates for items that have been fully depreciated. Environmental costs should be rolled into base rates periodically when utilities have had no recent base rate cases and their ROE is exceeding the Commission authorized return. Capital expenditures should be allocated to customer classes in the same manner capital costs are allocated in base rate cases in order to prevent cross class subsidies.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

STIPULATED

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period ending December 31, 2006?

POSITION:

FPL: \$1,563,849 over-recovery including interest (Dubin)

PEF: \$2,446,714 over-recovery (Garrett)

GULF: Over recovery \$2,258,385 (Vick, Martin)

TECO: Under-recovery of \$11,895,683 (Bryant)

STIPULATED

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January 2007 through December 2007?

POSITION:

FPL: \$585,826 under-recovery including interest (Dubin)

PEF: \$3,333,530 under-recovery (Iacono, Lohss, West)

GULF: Under recovery \$2,117,926 (Vick, Martin)

TECO: Over-recovery of \$9,624,173 (Bryant)

STIPULATED

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2008 through December 2008?

POSITION:

FPL: \$44,712,161 (Dubin)
PEF: \$43,204,989 (Iacono, Lohss, West)
GULF: \$49,861,194 (Vick, Martin)
TECO: \$18,911,243 (Bryant, Carpinone)

STIPULATED

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2008 through December 2008?

POSITION:

FPL: \$43,765,627, adjusted for prior period true-ups and revenue taxes. (Dubin)
PEF: \$44,123,551, adjusted for taxes. (Iacono, Garrett, Hedrick, Lohss, West, Ennis, McCallister)
GULF: \$49,720,735 excluding revenue taxes. (Vick, Martin)
TECO: \$21,198,005 after the adjustment for taxes. (Bryant)

STIPULATED

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2008 through December 2008?

POSITION:

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.

STIPULATED

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2008 through December 2008?

POSITION:

FPL: Energy Jurisdictional Factor 98.58121%
CP Demand Jurisdictional Factor 98.76048%
GCP Demand Jurisdictional Factor 100.00000% (Dubin)

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 Average 12 CP demand jurisdictional factor - 70.597%
Distribution Primary demand jurisdictional factor - 99.597%
Jurisdictional Separation Study factors were used for production demand jurisdictional factor as Production Base – 93.753%,
Production Intermediate – 79.046%, and
Production Peaking – 88.979%. (Iacono)

GULF: The demand jurisdictional separation factor is 96.42160%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales. (Martin)

TECO: The demand jurisdictional separation factor is 96.66743%. 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. These are shown on the schedules sponsored by witness Bryant. (Bryant)

STIPULATED

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2008 through December 2008 for each rate group?

POSITION:

FPL: The appropriate factors are: (Dubin)

Rate Class	Environmental Recovery Factor (\$/kWh)
RS-1/RST1	0.00040
GS-1/GST1/WIES1	0.00040
GSD1/GSDT1/HLFT1(21-499 kW)	0.00038
OS2	0.00042
GSLD1/GSLDT1/CS1/CST1/ HLFT2 (500-1,999 kW)	0.00038

GSLD2/GSLDT2/CS2/CST2/ HLFT3 (2,000 +)	0.00035
GSLD3/GSLDT3/CS3/CST3	0.00034
ISST1D	0.00036
ISST1T	0.00031
SST1T	0.00031
SST1D1/SST1D2/SST1D3	0.00036
CILC D/CILC G	0.00035
CILC T	0.00034
MET	0.00039
OL1/SL1/PL1	0.00029
SL2/GSCU-1	0.00032

PEF: The appropriate factors are as follows:

RATE CLASS	ECRC FACTORS
Residential	0.118 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.109 cents/kWh
@ Primary Voltage	0.108 cents/kWh
@ Transmission Voltage	0.107 cents/kWh
General Service 100% Load Factor	0.081 cents/kWh
General Service Demand	
@ Secondary Voltage	0.094 cents/kWh
@ Primary Voltage	0.093 cents/kWh
@ Transmission Voltage	0.092 cents/kWh
Curtaillable	
@ Secondary Voltage	0.090 cents/kWh
@ Primary Voltage	0.089 cents/kWh
@ Transmission Voltage	0.088 cents/kWh
Interruptible	
@ Secondary Voltage	0.079 cents/kWh
@ Primary Voltage	0.078 cents/kWh
@ Transmission Voltage	0.077 cents/kWh
Lighting	0.094 cents/kWh

GULF: See table below: (Martin)

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/kWh
RS, RSVP	.436
GS	.431
GSD, GSDT, GSTOU	.423
LP, LPT	.411

PX, PXT, RTP, SBS	.401
OS-I/II	.391
OSIII	.413

TECO: The appropriate factors are: (Bryant)

<u>Rate Class</u>	<u>Factor (cents/kWh)</u>
RS, RST	0.104
GS, GST, TS	0.104
GSD, GSdT	0.105
GSLD, GSLDT, SBF	0.104
IS1, IST1, SBI1, SBIT1, IS3, IST3, SBI3	0.102
SL, OL	0.105
Average Factor	0.104

OPC: No position.

FIPUG: Does not contest the factors at this time without prejudice in changing this position in future proceedings after discovery and further analysis.

STAFF: The factors are a mathematical calculation based on the resolution of company-specific issues. Staff asks for administrative authority to review the calculations reflecting the Commission's vote and include the resulting factors in the Order.

STIPULATED

ISSUE 8: What should be the effective date of the new environmental cost recovery factors for billing purposes?

POSITION:

The new factors should be effective beginning with the first billing cycle for January 2008, and thereafter through the last billing cycle for December 2008. The first billing cycle may start before January 1, 2008, and the last billing cycle may end after December 31, 2008, so long as each customer is billed for twelve months regardless of when the factors became effective.

COMPANY-SPECIFIC ISSUES

Florida Power & Light Company

STIPULATED

ISSUE 9A: Should FPL be allowed to recover costs associated with its proposed St. Lucie Cooling Water System Inspection and Maintenance Project?

POSITION: Yes. FPL must inspect and, as necessary, maintain the cooling water system at the St. Lucie Plant so that it remains in compliance with the federal Endangered Species Act, 16 U.S.C. Section 1531. FPL agrees that its recovery of project costs through the ECRC is subject to Commission audit to ensure such costs are not otherwise recovered in base rates.

STIPULATED

ISSUE 9B: How should the newly proposed environmental costs for the St. Lucie Cooling Water System Inspection and Maintenance Project be allocated to the rate classes?

POSITION: Capital costs for the St. Lucie Cooling Water System Inspection and Maintenance Project should be allocated to the rate classes on an average 12 CP demand and 1/13th energy basis. Operating and maintenance costs should be allocated to the rate classes on an average 12 CP demand basis.

STIPULATED

ISSUE 9C: Should FPL be allowed to recover costs associated with its proposed Martin Plant Drinking Water System Compliance Project?

POSITION: Yes. The Consent Order entered into by FPL and the Florida Department of Environmental Protection (FDEP) on September 22, 2006 requires FPL to implement a corrective action plan at the Martin Plant, which involves the implementation of a pilot test plan to determine the most cost-effective method to achieve compliance of levels of four certain trihalomethanes (THMs) and haloacetic acids (HAA5s) in the drinking water system. The projected and actual costs will be subject to the normal audit, true-up and review process that takes place annually in the ECRC proceedings. FPL agrees that its recovery of project costs through the ECRC is subject to Commission audit to ensure such costs are not otherwise recovered in base rates.

STIPULATED

ISSUE 9D: How should the newly proposed environmental costs for the Martin Plant Drinking Water System Compliance Project be allocated to the rate classes?

POSITION: Capital costs for the Martin Plant Drinking Water System Compliance Project should be allocated to the rate classes on an average 12 CP demand and 1/13th

energy basis. Operating and maintenance costs should be allocated to the rate classes on an average 12 CP demand basis.

STIPULATED

ISSUE 9E: Should FPL be allowed to recover costs associated with its proposed Low Level Radioactive Waste Storage Project?

POSITION: Yes. The Low Level Radioactive Waste Storage Project is required due to the Nuclear Regulatory Commission's (NRC) requirements and restrictions on how low level radioactive (LLW) waste may be disposed of, combined with FPL's loss of access to the LLW disposal facility in Barnwell South Carolina as a result of new provisions of South Carolina law that take effect on June 30, 2008. The projected and actual costs will be subject to the normal audit, true-up and review process that takes place annually in the ECRC proceedings. FPL agrees that its recovery of project costs through the ECRC is subject to Commission audit to ensure such costs are not otherwise recovered in base rates.

STIPULATED

ISSUE 9F: How should the newly proposed environmental costs for the Low Level Radioactive Waste Storage Project be allocated to the rate classes?

POSITION: Capital costs for the Low Level Radioactive Waste Storage Project should be allocated to the rate classes on an average 12 CP demand and 1/13th energy basis. Operating and maintenance costs should be allocated to the rate classes on a 71% average 12 CP demand and 29% energy basis.

STIPULATED

ISSUE 9G: Are the projected costs for FPL's Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) compliance projects that are reflected in FPL's March 30, 2007 supplemental filing reasonable and prudent?

POSITION: FPL's CAIR, CAMR and Clean Air Visibility Rules (CAVR) compliance plans as presented in its March 30, 2007, supplemental filing have been updated and modified in terms of proposed compliance actions and projected costs both in the Company's testimony of August 3, 2007 and again in the deposition of Company Witnesses LaBauve and Dubin on October 25, 2007. FPL's compliance plans, including the plan changes consisting of the 800 MW Unit Cycling Project and the "Similar Units" Continuing Emissions Monitoring Systems (CEMS) option implementation identified in the Company's testimony of August 3, 2007 and the scope changes associated with the installation of Wet Flue Gas Desulfurization (FGD) Unit and SCR with Ammonia Injection System on Scherer Unit 4 as identified in the deposition of witnesses LaBauve and Dubin on October 25, 2007, appear reasonable at this time. FPL shall file, as part of its annual ECRC final true-up testimony, a review of the efficacy of its CAIR and CAMR and CAVR plans, and the cost-effectiveness of its retrofit options for each generating unit in relation to expected changes in environmental regulations and ongoing state and

federal CAIR legal challenges now being pursued by FPL. The reasonableness and prudence of individual expenditures, and the prudence of future decisions on the compliance plans made in light of subsequent developments, shall continue to be subject to the Commission's review in future proceedings on these matters.

Progress Energy Florida

ISSUE 10A: Should the Commission approve PEF's updated Integrated Clean Air Compliance Plan filed as a reasonable and prudent means to comply with the Clean Air Interstate Rule ("CAIR"), Clean Air Mercury Rule ("CAMR") and Clean Air Visibility Rule ("CAVR") and related regulatory requirements?

POSITION:

PEF: Yes. The Commission should approve PEF's updated Integrated Clean Air Compliance Plan as a reasonable and prudent plan for achieving and maintaining compliance with the CAIR, CAMR, CAVR and related regulatory requirements. PEF has performed qualitative and quantitative evaluations to compare the ability of alternative compliance plans to meet environmental requirements, while managing risks and controlling costs. This analysis demonstrates that PEF's updated Integrated Compliance Plan represents PEF's most cost-effective alternative for achieving and maintaining compliance with CAIR, CAMR, and CAVR, and related regulatory requirements and is reasonable and prudent. (West, Cornell, Waters)

OPC: No Position.

FIPUG: No position.

STAFF: Yes. PEF's updated Integrated Clean Air Compliance Plan represents the most cost-effective alternative for achieving and maintaining compliance with CAIR, CAMR, and CAVR, and related regulatory requirements, and it is reasonable and appropriate for PEF to recover prudently incurred costs to implement the plan. PEF shall file as part of its testimony in the Environmental Cost Recovery Clause a yearly review of the efficacy of its Plan D and the cost-effectiveness of PEF's retrofit options for each generating unit in relation to expected changes in environmental regulations. The reasonableness of individual expenditures, and the prudence of future decisions on the compliance plans made in light of subsequent developments, shall continue to be subject to the Commission's review in future proceedings on these matters.

Gulf Power Company – no company specific issues

Tampa Electric Company – no company specific issues

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
K. M. Dubin	FPL	KMD-1	Appendix I Environmental Cost Recovery Final True-up January - December 2006 Commission Forms 42 - 1A through 42 - 8A
K. M. Dubin	FPL	KMD-2	Appendix I Environmental Cost Recovery Estimated/Actual Period January-December 2007 Commission Forms 42-1E through 42-8E
K. M. Dubin	FPL	KMD-3	Appendix I Environmental Cost Recovery Projections January - December 2008 Commission Forms 42-1P through 42-7P and revised 2007 Estimated/Actual True-up Amount
R. R. LaBauve	FPL	RRL-1	Florida Department of Environmental Protection Rule 62.550.310, Florida Administrative Code – Primary Drinking Water Standards: Maximum Contaminant Levels and Maximum Residual Disinfectant Levels

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
R. R. LaBauve	FPL	RRL-2	Consent Order in OGC Case Number 06-0744 FPL Martin Plant Public Water System PWS #4431748
R. R. LaBauve	FPL	RRL-3	Golder Associates Inc. FPL Martin Plant Potable Water System DBP (THM & HAA5) Analysis
R. R. LaBauve	FPL	RRL-4	Department of Environmental Protection – Letter approving Corrective Action Plan for FPL Martin Plant PWS #4432748
R. R. LaBauve	FPL	RRL-5	Clean Air Interstate Rule – Summary of FPL 800 MW Unit Cycling Project
R. R. LaBauve	FPL	RRL-6	Clean Air Interstate Rule – Summary of FPL Peaking Gas Turbine CEMS
R. R. LaBauve	FPL	RRL-7	Clean Air Visibility Rule – Update Summary of FPL BART Project
R. R. LaBauve	FPL	RRL-8	Clean Air Visibility Rule – Florida Department of Environmental Protection – Reasonable Progress Rule Workshop Slides
R. R. LaBauve	FPL	RRL-9	10 CFR Part 20, Subpart K – Nuclear Regulatory Commission – Waste Disposal
R. R. LaBauve	FPL	RRL-10	South Carolina State Statutes – Title 48 – Environmental Protection and Conservation, Chapter 46 – Atlantic Interstate Low-Level Radioactive Waste Compact Implementation Act

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
R. R. LaBauve	FPL	RRL-11	10 CFR Part 50, Subpart 54 – Nuclear Regulatory Commission – Conditions of Licenses
Will Garrett	PEF	WG-1	PSC Forms 42-1A through 42-8A January 2006 – December 2006
Will Garrett	PEF	WG-2	Capital Program Detail January 2006 – December 2006
Patricia Q. West	PEF	PW-1	PEF Environmental Cost Recovery Clause 2008 CAIR/CAMR Projects Summary
Thomas Cornell	PEF	TC-1 Confidential	Organization chart showing PEF internal management structure for Integrated Clean Air Compliance Plan
Thomas Cornell	PEF	TC-2 Confidential	Organization chart showing PEF structure for management and oversight of contractors involved in the Crystal River CAIR projects
Thomas Cornell	PEF	TC-3 Confidential	Composite Exhibit consisting of Letter of Intent (LOI) to enter an EPC with Environmental Projects Crystal River, along with four amendments to the LOI
Thomas Cornell	PEF	TC-4 Confidential	Composite Exhibit consisting of contract with The Babcock and Wilcox Company (“B&W”), as well as associated work authorizations, for design, engineering, equipment, and other work associated with the Crystal River SCR and FGD projects

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Thomas Cornell	PEF	TC-5 Confidential	Composite Exhibit consisting of contract with Worley Parsons (and associated work authorizations) for preliminary design, engineering and other work associated with the Crystal River SCR and FGD projects
Thomas Cornell	PEF	TC-6 Confidential	Contract with The Stebbins Engineering and Manufacturing Company for design, fabrication, construction, and assembly of two FGD Absorber Towers for Crystal River Units 4 and 5
Thomas Cornell	PEF	TC-7 Confidential	Contract with CERAM Environ-mental, Inc. for the design, fabrication, delivery, and testing of the SCR catalyst for the Crystal River Units 4 and 5 SCR projects
Thomas Cornell	PEF	TC-8 Confidential	Contract with Commonwealth Dynamics, Inc., for the design, fabrication, and construction of a Flue Gas Chimney as part of the Crystal River Units 4 and 5 scrubber projects
Thomas Cornell	PEF	TC-9 Confidential	Contract with Environmental Projects Crystal River
Samuel Waters	PEF	SSW-1 Confidential	Progress Energy Florida Integrated Clean Air Compliance Plan –6/01/07
Samuel Waters	PEF	SSW-2 Confidential	Summary of Alternative Compliance Plans – 2006
Samuel Waters	PEF	SSW-3 Confidential	Summary of Alternative Compliance Plans - Current

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Samuel Waters	PEF	SSW-4	Comparison of Cumulative Present Value of Revenue Requirements
Samuel Waters	PEF	SSW-5	Impact of Allowance Price Uncertainty
Maritza Iacono	PEF	MI-1	PSC Forms 42-1E through 42-8E January 2007 – December 2007
Maritza Iacono	PEF	MI-2	Capital Program Detail January 2007 – December 2007
Maritza Iacono	PEF	MI-3	Modular Cooling Tower Cost Breakdown
Maritza Iacono	PEF	MI-4	PSC Forms 42-IP through 42-7P January 2008 – December 2008
Maritza Iacono	PEF	MI-5	Capital Program Detail January 2008 – December 2008
R. J. Martin	GULF	RJM-1	Calculation of Final True-up 1/06 – 12/06
R. J. Martin	GULF	RJM-2	Calculation of Estimated True-up 1/07 – 12/07
R. J. Martin	GULF	RJM-3	Calculation of Projection 1/08 - 12/08
Howard T. Bryant	TECO	HTB-1	Final Environmental Cost Recovery Commission Forms 42-1A through 42-8A for the period January 2006 through December 2006

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Howard T. Bryant	TECO	HTB-2	Final Environmental Cost Recovery Commission Forms 42-1E through 42-8E for the period January 2007 through December 2007
Howard T. Bryant	TECO	HTB-3	Forms 42-1P through 42-8P for the period January 2007 through December 2007

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

NOTE: OPC, FIPUG and FRF have taken no position on the stipulated issues identified below and in Section VII above. They do not object to, but do not join in, those stipulations.

Generic Issues

ISSUES 1, 2, 5, 6, and 8, are stipulated. Issues 3 and 4 are stipulated for Gulf and TECO. Issue 7 is a fall-out issue.

FPL's Specific Issues

ISSUES 9A, 9B, 9C, 9D, 9E, 9F and 9G are stipulated.

XI. PENDING MOTIONS

There are no pending motions.

XII. PENDING CONFIDENTIALITY MATTERS

Several confidentiality requests are pending at this time.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this

Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

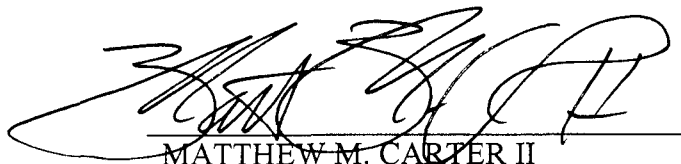
XIV. RULINGS

1. PEF's unopposed motion to file supplemental testimony is granted.
2. Opening statements, if any, shall not exceed five minutes per party.

It is therefore,

ORDERED by Commissioner Matthew M. Carter II, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Matthew M. Carter II, as Prehearing Officer, this 1st day of November, 2007.


MATTHEW M. CARTER II
Commissioner and Prehearing Officer

(S E A L)

MCB

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Office of the Commission Clerk, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.