

**Steel Hector & Davis**

Tallahassee, Florida

Matthew M. Childs, P.A.  
(904) 222-4448

July 12, 1995

U.S. District Court  
FILE COPY

Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, FL 32399-0850

RE: DOCKET NO. 950007-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Prehearing Statement in the above referenced docket.

Also enclosed is a formatted double sided high density 3.5 inch diskette containing the Prehearing Statement for Florida Power & Light Company.

Very truly yours,

*Matthew M. Childs*  
Matthew M. Childs, P.A.

ACK ✓ MMC/ml  
AEA 5 cc: All Parties of Record

AFT \_\_\_\_\_  
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DIA \_\_\_\_\_  
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EPC \_\_\_\_\_  
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06597 JUL 12  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost )  
Recovery Clause )

DOCKET NO. 950007-EI  
FILED: JULY 12, 1995

FLORIDA POWER & LIGHT COMPANY'S  
PREHEARING STATEMENT

Pursuant to Order No. PSC-95-0771-PCO-EI, issued June 27, 1995, establishing the prehearing procedure in this docket, Florida Power & Light Company hereby submits its Prehearing Statement.

A. **APPEARANCES**

Matthew M. Childs, P.A.  
Steel Hector & Davis  
215 South Monroe Street  
Suite 601  
Tallahassee, FL 32301

B. **WITNESSES**

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
B. T. BIRKETT	ECRC Costs and Factors for October 1995 Through March 1996	1-9
W. M. REICHEL	New Environmental Compliance Activities, Status of Projects	1-5

C. **EXHIBITS**

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(BTB-1)	B. T. BIRKETT	Document 1/Environmental Compliance Cost Projections October 1995 - March 1996

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(BTB-2)	B. T. BIRKETT	Document 2/Calculation Of Allocation By Rate Class
(BTB-3)	B. T. BIRKETT	Document 3/Calculation of Factors
(BTB-4)	B. T. BIRKETT	Document 4/Schedule Of Capital Investment Depreciation And Return October 1995 - March 1996
(BTB-5)	B. T. BIRKETT	Document 5/Calculation of Estimated Actual Variance April 1995-September 1995
(BTB-6)	B. T. BIRKETT	Document 6/Estimated Actual Environmental Compliance Costs April 1995 - September 1995
(BTB-7)	B. T. BIRKETT	Document 7/Calculation Of Over/Under Recovery April 1995 - September 1995
(BTB-8)	B. T. BIRKETT	Document 8/Schedule of Capital Investment Depreciation and Return April 1995 - September 1995
(WMR-1)	W. M. REICHEL	Document 1/Rule 62-4.052, F.A.C.
(WMR-2)	W. M. REICHEL	Document 2/Rule 62-762.820, F.A.C.
(WMR-3)	W. M. REICHEL	Document 3/Project Description And Progress Reports

D. STATEMENT OF BASIC POSITION

None Necessary.

**E. STATEMENT OF ISSUES AND POSITIONS**

1. What is the appropriate final environmental cost recovery true-up amount for the period October, 1994 through March, 1995?

**FPL:** \$419,418 overrecovery for the period including interest.

2. What is the estimated environmental cost recovery true-up amount for the period April, 1995 through September, 1995?

**FPL:** \$686,372 underrecovery for the period including interest.

3. What is the total environmental cost recovery true-up amount to be collected during the period October, 1995 through March, 1996?

**FPL:** \$266,954 net underrecovery.

4. What is the appropriate projected environmental cost recovery amount to be included in the recovery factors for the period October, 1995 through March, 1996?

**FPL:** The appropriate projected environmental cost recovery amount to be collected during the period is \$7,681,233. This amount consists of \$7,292,645 of projected environmental compliance cost for the period net of the prior period underrecovery.

5. What should be the effective date of the new environmental cost recovery factors for billing purposes?

**FPL:** The Company is requesting that these new charges become effective starting with meter readings scheduled to be read on or after October 1, 1995 (Cycle Day 3) and continue through March 31, 1996 (Cycle Day 2). 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 six months regardless of when the factor becomes effective.

6. What Depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected during the period October, 1995 through March, 1996?

**FPL:** 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.

7. Should the Commission approve the recovery of the cost for dismantlement associated with investments for approved projects through the Environmental Cost Recovery Clause

**FPL:** Yes.

8. How should the costs for the newly proposed environmental compliance activity be allocated to the rate classes?

**FPL:** The cost of the NPDES permit fees should be allocated on a demand basis consistent with similar costs in FPL's last cost of service study.

9. What are the appropriate Environmental Cost Recovery Factors for the period October, 1995 through March, 1996 for each rate group?

<b>FPL:</b>	<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

**COMPANY SPECIFIC ISSUES**

- 10a. Should the Commission approve FPL's request to recover the cost of the National Pollutant Discharge Elimination System (NPDES) permit fees to the Florida Department of Environmental Protection pursuant to Rule 62-4.052, Florida Administrative Code, through the Environmental Cost Recovery Clause?

**FPL:** Yes. The expenses are required to comply with Rule 62-4.052, the Florida Administrative Code, which became effective on April 30, 1995. 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 FPL's last rate case.

10b. Should the Commission approve FPL's request to recover the cost of fuel discharge response and clean-up activities pursuant to Florida Department of Environmental Protection Rule 17-763.820, Florida Administrative Code, through the Environmental Cost Recovery Clause?

**FPL:** In FPL's preliminary list of issues we included an issue no. 8 which stated: "Should the Commission approve FPL's request that the cost to clean up fuel oil discharges from its above ground fuel storage tanks, where it is necessary or appropriate to do so, be included within the scope of the Maintenance of Above Ground Fuel Storage Tanks activity?" This FPL preliminary issue 8 addresses what FPL is requesting in this proceeding, while Staff's Issue 10b goes beyond what FPL is requesting. FPL is not asking for prior approval of the cost of clean-up activities, rather we were informing the Commission that in addition to closure assessment which is currently included as part of the approved activity "Maintenance of Above Ground Storage Tanks," that clean-up costs may also be included in the future because if a spill is detected during a closure assessment, it must be cleaned up under the rules governing maintenance of above ground storage tanks, specifically Rule 17-763.820, Florida Administrative Code. These clean-up costs can not be forecast in advance therefore FPL does not want to be precluded from recovering such cost based solely on the current requirement that activities be approved by the Commission prior to costs being expended. FPL believes that this issue can be resolved if Issue 10b is reworded as follows:

Issue: Should the Commission approve FPL's request that the cost to clean up fuel oil discharges from its above ground fuel storage tanks, when found to be reasonable and prudent, be included within the scope of the Maintenance of Above Ground Fuel Storage Tanks activity?

FPL's position to this issue would then be as follows:

Yes, if appropriate these costs would be included 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. However, the Commission need not determine whether the Company has prudently and

reasonably incurred such expenses until after the Company actually incurs such clean-up expenses. Should the Company incur any response/clean-up costs, notification of the event and the resulting costs would be included in the filing for the period during which such expenses were incurred and the Commission would have the opportunity to determine whether those expenses were reasonable and prudent at that time. In addition, FPL would only request recovery of those expenses which are not reimbursed under either the state's Early Detection Incentive (EDI) or Petroleum Liability Insurance and Restoration Program (PLIRP) provisions. Reimbursement under these programs may be limited in the future as the EDI program has essentially expired for "new" incidents and only PLIRP will be available for reimbursement of response and clean-up costs for discharges that may occur or be discovered in the future. In addition as described in the testimony of W.M. Reichel, FPL contemplates that these activities will primarily relate to discharges of no. 6 fuel oil which is specifically excluded from reimbursement under PLIRP. Furthermore, pursuant to the recently enacted provisions of Chapter 95-2, Laws of Florida, effective March 27, 1995, no further site rehabilitation work on sites qualifying for state-funded clean-up from the Inland Protection Trust Fund will be eligible for reimbursement, with only specific exceptions allowed based upon the degree of threat to human health, safety and welfare and the environment. Even in the absence of this moratorium, however, the PLIRP provisions expire on December 31, 1998.

F. STIPULATED ISSUES  
None at this time.

G. MOTIONS  
FPL is aware of no outstanding motions at this time.

Respectfully submitted,

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Attorneys for Florida Power  
& Light Company

BY:   
Matthew M. Childs, P.A.

**CERTIFICATE OF SERVICE**

**DOCKET NO. 950007-EI**

**I HEREBY CERTIFY** that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished by Hand Delivery (\*\*) and U. S. Mail this 12th day of July, 1995, to the following:

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