

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost
Recovery Factor

DOCKET NO. 980007-EI

AUGUST 5, 1998

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-98-0815-PCO-EI, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Staff has no witnesses at this time.

b. All Known Exhibits

Staff has no witnesses at this time.

c. Staff's Statement of Basic Position

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 stated herein.

d. Staff's Position on the Issues

Generic Environmental Cost Recovery Issues

ISSUE 1: What are the appropriate final environmental cost recovery true-up amounts for the period ending September 30, 1997?

STAFF: FPL: \$ 2,157,919 overrecovery.
GULF: \$ 359,564 overrecovery.

ISSUE 1A: What are the appropriate final environmental cost recovery true-up amounts for the period ending March 31, 1998?

STAFF: TECO: \$ 351,717 overrecovery.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN 3
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period October, 1997, through September, 1998?

STAFF: FPL: \$ 926,229 underrecovery.
GULF: \$ 420,896 overrecovery.

ISSUE 2A: What are the estimated environmental cost recovery true-up amounts for the period April, 1998, through September, 1998?

STAFF: TECO: \$ 80,017 underrecovery.

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected?

STAFF: FPL: \$ 1,231,690 overrecovery.
GULF: \$ 780,460 overrecovery.
TECO: \$ 271,700 overrecovery.

ISSUE 4: What are the appropriate projected environmental cost recovery amounts for the period October, 1998, through December, 1998?

STAFF: The appropriate recovery amounts for the period October, 1998, through December, 1998, are the projected costs plus 3/12 of the total true-up amounts in Issue 3.

FPL: If the Commission approves FPL's proposed new project (Issue 10), the appropriate recovery amount is \$ 4,846,804. If the Commission does not approve the proposed new project, the appropriate recovery amount is \$ 3,843,923.

GULF: \$ 2,091,552.

TECO: \$ 1,113,273.

ISSUE 5: Should the Commission allow the electric utilities to keep their environmental cost recovery factors at the rate set by Order Nos. PSC-97-1047-FOF-EI, issued September 5, 1997, in Docket No. 970007-EI, and PSC-98-0408-FOF-EI, issued March 18, 1998, in Docket No. 980007-EI, for the projected period October, 1998, through December, 1998?

STAFF: Yes.

ISSUE 6: What is the appropriate recovery period to collect the total environmental cost recovery true-up amounts?

STAFF: The appropriate recovery period to collect the total environmental cost recovery true-up amounts is the 15-month period from October, 1998, through December, 1999.

ISSUE 7: What should be the effective date of the environmental cost recovery factors for billing purposes?

STAFF: The factor should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period October, 1998, through December, 1998. Billing cycles may start before October 1, 1998, and the last cycle may be read after December 31, 1998, so that each customer is billed for three months regardless of when the adjustment factor became effective.

ISSUE 8: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected?

STAFF: 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.

ISSUE 9: What are the appropriate Environmental Cost Recovery Factors for the period beginning October, 1998, for each rate group?

STAFF: The appropriate factors for each rate group should continue to be those last approved by the Commission for each company:

FPL:

<u>Rate Class</u>	<u>Environmental Recovery Factor (\$/KWH)</u>
RS1	0.00030
GS1	0.00028
GSD1	0.00025
OS2	0.00069
GSLD1/CS1	0.00024
GSLD2/CS2	0.00023
GSLD3/CS3	0.00016
ISST1D	0.00050
SST1T	0.00021
SST1D	0.00025
CILC D/CILC G	0.00023
CILC T	0.00015
MET	0.00027
OL1/SL1	0.00021
SL2	0.00021

GULF:

<u>Rate Class</u>	<u>Environmental Recovery Factor (¢/KWH)</u>
RS, RST	0.138
GS, GST	0.136
GSD, GSDT	0.118
LP, LPT	0.111
PX, PXT, RTP	0.101
OSI, OSII	0.082
OSIII	0.107
OSIV	0.154
SBS	0.112

TECO:

<u>Rate Class</u>	<u>Environmental Cost Recovery Factor (¢/KWH)</u>
RS, RST	0.033
GS, GST, TS	0.033
GSD, GSDT	0.033
GSLD, GSLDT, SBF, SBFT	0.032
IS1, IST1, SBI1, SBIT1,	
IS3, IST3, SBI3, SBIT3	0.031
SL, OL	0.032

Company - Specific Environmental Cost Recovery Issues

Florida Power & Light Company

ISSUE 10: Should the Commission approve Florida Power & Light Company's request for recovery of costs of the Wastewater/Stormwater Discharge Elimination Project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending receipt of outstanding discovery.

ISSUE 10A: How should the newly proposed environmental costs for the Wastewater/Stormwater Discharge Elimination Project be allocated to the rate classes?

STAFF: The Wastewater/Stormwater Discharge Elimination Project should be allocated to the rate classes on a 12 CP and 1/13 average demand basis.

Gulf Power Company

ISSUE 11: What adjustment, if any, should be made to the Environmental Cost Recovery Clause to reflect an amount which may be in base rates for the costs of the underground fuel storage tanks which have been replaced by aboveground fuel storage tanks as reported in Audit Disclosure No. 1 of the Florida Public Service Commission's Environmental Cost Recovery Clause Audit Report for the Period Ended September 30, 1997?

STAFF: The appropriate adjustment, if any, is a credit to the ECRC for the remaining unrecovered book value of the old underground fuel storage tanks at the time when the new aboveground fuel storage tanks were placed in service. This methodology best reflects incremental changes to plant-in-service due to new environmental regulations for facilities already included in rate base. Double recovery would otherwise occur. Staff has outstanding discovery, the responses to which will establish the appropriate amount.

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e. Pending Motions

Staff is not aware of any pending motions at this time.

f. Compliance with Order No. PSC-98-0815-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 5th day of August, 1998.



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FILED: AUGUST 5, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Staff's Prehearing Statement has been furnished by U.S. Mail this 5th day of August, 1998, to the following:

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