

ORIGINAL

In re: Environmental cost recovery clause.

DOCKET NO. 000007-EI

FILED: OCTOBER 25, 2000

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-00-0532-PCO-EI, issued March 15, 2000, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Staff has no witnesses.

b. All Known Exhibits

Staff has no exhibits 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 December 31, 1999?

POSITION:

APP	_____	FPL:	\$1,644,089 over recovery.
CAF	_____	TECO:	No position pending further discovery.
CMP	_____	GULF:	\$541,592 over recovery.
COM	3 _____		
CTR	_____		

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January 2000 through December 2000?

ECR	_____
LEG	_____
OPC	_____
PAI	_____
RGO	_____
SEC	1 _____
SER	_____
OTH	_____

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

**POSITION:**

FPL: \$2,019,621 over recovery.  
TECO: Staff takes no position at this time pending resolution of company specific issues at hearing.  
GULF: Staff takes no position at this time pending resolution of company specific issues at hearing.

**ISSUE 3:** What are the total environmental cost recovery true-up amounts to be collected or refunded during the period January 2001 through December 2001?

**POSITION:**

FPL: \$3,663,710 to be refunded.  
TECO: This is a fall-out issue. Staff takes no position at this time pending resolution of company specific issues at hearing.  
GULF: This is a fall-out issue. Staff takes no position at this time pending resolution of company specific issues at hearing.

**ISSUE 4:** What are the appropriate projected environmental cost recovery amounts for the period January 2001 through December 2001?

**POSITION:**

FPL: \$6,400,000.  
TECO: Staff takes no position at this time pending resolution of company specific issues at hearing.  
GULF: Staff takes no position at this time pending resolution of company specific issues at hearing.

**ISSUE 5:** What should be the effective date of the environmental cost recovery factors for billing purposes?

**POSITION:** The factors should 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.

**ISSUE 6:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2001 through December 2001?

**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.

**ISSUE 7:** What are the appropriate jurisdictional separation factors for the projected period January 2001 through December 2001?

**POSITION:** No position pending responses to staff discovery.

**ISSUE 8:** What are the appropriate environmental cost recovery factors for the period January, 2001, through December, 2001, for each rate group?

**POSITION:**

FPL: This is a fall-out issue. Staff takes no position at this time pending resolution of generic issues and company specific issues at hearing.

TECO: This is a fall-out issue. Staff takes no position at this time pending resolution of generic issues and company specific issues at hearing.

GULF: This is a fall-out issue. Staff takes no position at this time pending resolution of generic issues and company specific issues at hearing.

**COMPANY SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES**

**Florida Power & Light Company**

**ISSUE 9:** What effect does Florida Power & Light Company's stipulation approved by Order No. PSC-99-0519-AS-EI have on the company's level of recovery for 2001?

**POSITION:** 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 will not be recovered through the ECRC in future periods.

**Gulf Power Company**

**ISSUE 10:**           Should the Commission approve Gulf Power Company's request for recovery costs of the Generic NO<sub>x</sub> Control Intelligent System to Plant Smith Unit 1 project through the Environmental Cost Recovery Clause?

**POSITION:**           Not at this time. This issue is the subject matter of a future staff workshop pursuant to Commission discussion on Item 46 at the September 26, 2000, Agenda Conference. Staff is to present a recommendation to the Commission on this matter at a later date. However, Gulf should record the incurred costs until the Commission has decided the matter.

**ISSUE 10A:**           How should the newly proposed environmental costs for the Generic NO<sub>x</sub> Control Intelligent System to Plant Smith Unit 1 project be allocated to the rate classes?

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

**ISSUE 10B:**           Should the Commission approve Gulf Power Company's request for recovery of costs for the Consumptive Water Use Monitoring Activity through the Environmental Cost Recovery Clause?

**POSITION:**           Yes. The Commission voted on this matter in Docket No. 000808-EI at the September 26, 2000, Agenda Conference. The Commission found that the proposed Consumptive Water Use Monitoring Activity qualifies for recovery through the ECRC.

**ISSUE 10C:**           How should the newly proposed environmental costs for the Consumptive Water Use Monitoring Activity be allocated to the rate classes?

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

**ISSUE 10D:**        **Should the Commission approve Gulf Power Company's request for recovery of costs for Gulf Coast Ozone Study through the Environmental Cost Recovery Clause?**

**POSITION:**        Yes. The Commission approved Gulf's recovery of only those annual costs of the Gulf Coast Ozone Study in excess of the amount included in the approved rate case test year budget reduced by the amount actually spent on environmental studies as an operating expense during the relevant ECRC recovery period by Order No. PSC-00-1167-PAA-EI. The PAA Order became effective and final July 21, 2000.

**Tampa Electric Company**

**ISSUE 11:**        **Should the Commission approve Tampa Electric Company's request for recovery of costs of the Big Bend Units 1, 2, and 3 Flue Gas Desulfurization System Optimization and Utilization Program through the Environmental Cost Recovery Clause?**

**POSITION:**        Yes. By Order No. PSC-00-1906-PAA-EI, issued October 18, 2000, in Docket No. 000685-EI, the Commission found that the proposed program qualifies for recovery through the ECRC.

**ISSUE 11A:**        **How should the newly proposed environmental costs for the Big Bend Units 1, 2, and 3 Flue Gas Desulfurization System Optimization and Utilization Program be allocated to the rate classes?**

**POSITION:**        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 should be allocated to the rate classes on an energy basis as set forth in previous Commission Orders.

**ISSUE 11B:**        **Should the Commission approve Tampa Electric Company's request for recovery of costs of the**

**Particulate Emission Minimization and Monitoring Program through the Environmental Cost Recovery Clause?**

**POSITION:** Yes. The Commission voted on this matter in Docket No. 001186-EI at the October 17, 2000, Agenda Conference. The Commission found that the proposed program qualifies for recovery through the ECRC.

**ISSUE 11C:** **How should the newly proposed environmental costs for the Particulate Emission Minimization and Monitoring Program be allocated to the rate classes?**

**POSITION:** 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 should be allocated to the rate classes on an energy basis as set forth in previous Commission Orders.

**ISSUE 11D:** **Should the Commission approve Tampa Electric Company's request for the recovery of costs of the Reduction of Nitrogen Oxide Emission Program through the Environmental Cost Recovery Clause?**

**POSITION:** Yes. The Commission voted on this matter in Docket No. 001186-EI at the October 17, 2000, Agenda Conference. The Commission found that the proposed program qualifies for recovery through the ECRC.

**ISSUE 11E:** **How should the newly proposed environmental costs for the Reduction of Nitrogen Oxide Emission Program be allocated to the rate of classes?**

**POSITION:** 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 previous Commission Orders.

**ISSUE 11F:** Should the Commission approve Tampa Electric Company's request for the recovery of costs of the Big Bend Unit 4 Particulate Matter Continuous Emission Monitor through the Environmental Cost Recovery Clause?

**POSITION:** No position at this time.

**ISSUE 11G:** How should the newly proposed environmental costs for the Big Bend Unit 4 Particulate Matter Continuous Emission Monitor be allocated to the rate of classes?

**POSITION:** The recoverable costs should be allocated to the rate classes on an energy basis.

e. Pending Motions

Staff has no pending motions.

f. Pending Confidentiality Claims or Requests

There are no pending confidentiality claims or requests.

g. Compliance with Order No. PSC-00-0532-PCO-EI

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

Respectfully submitted this 25th day of October, 2000.

 Robert V. Elias For

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost  
Recovery Clause.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Staff's  
Prehearing Statement has been furnished to the following by U. S.

Mail this 25th day of October, 2000:

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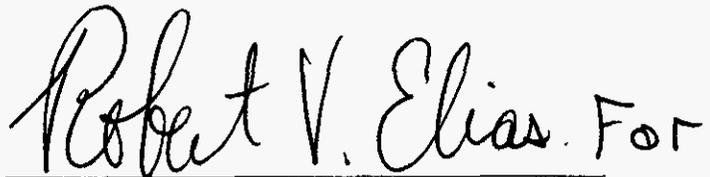
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