

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost
recovery clause.

DOCKET NO. 020007-EI
DATED: OCTOBER 24, 2002

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-02-0338-PCO-EI, filed on March 14, 2002, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Staff has no known witnesses at this time.

b. All Known Exhibits

Staff has no known 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, 2001?

STAFF'S POSITION:

FPL:	\$0 for purposes of setting ECRC factors for 2003.
TECO:	\$1,001,138 under recovery
GULF:	\$187,480 over recovery
FPC:	\$0

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ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January 2002 through December 2002?

STAFF'S POSITION:

FPL: \$7,799,426 under recovery, assuming the PAA Order approving the Turtle Net Project is not protested, and the Pipeline Integrity Management (PIM) Project is approved.
TECO: \$3,457,263 over recovery
GULF: \$445,767 over recovery
FPC: \$0

ISSUE 3: What are the total environmental cost recovery true-up amounts to be collected or refunded during the period January 2003 through December 2003?

STAFF'S POSITION:

FPL: \$7,799,426 under recovery, assuming the PAA Order approving the Turtle Net Project is not protested, and the Pipeline Integrity Management Project is approved.
TECO: \$2,456,125 net over recovery
GULF: \$633,247 net over recovery
FPC: \$0

ISSUE 4: What are the appropriate projected environmental cost recovery amounts for the period January 2003 through December 2003?

STAFF'S POSITION:

FPL: No position at this time. Staff is waiting for responses to discovery requests.
TECO: No position at this time. Staff is waiting for responses to discovery requests.
GULF: No position at this time. Staff is waiting for responses to discovery requests.
FPC: No position at this time. Staff is waiting for responses to discovery requests.

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 2003 through December 2003?

STAFF'S 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 6: What are the appropriate jurisdictional separation factors for the projected period January 2003 through December 2003?

STAFF'S POSITION:

FPL: No position at this time. Staff is reviewing responses to discovery requests.
TECO: No position at this time. Staff is reviewing responses to discovery requests.
GULF: No position at this time. Staff is reviewing responses to discovery requests.
FPC: No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2003 through December 2003 for each rate group?

STAFF'S POSITION:

This is a fallout issue so the factors cannot be determined at this time.

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

STAFF'S POSITION:

The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period 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.

Company Specific Environmental Cost Recovery Issues

Florida Power & Light Company

ISSUE 9A: 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 2003?

STAFF'S POSITION:

"For 2002, FPL will not be allowed to recover any costs through the environmental cost recovery docket. FPL may, however, petition to recover in 2003 prudent environmental costs incurred after the expiration of the three-year term of this Stipulation and Settlement in 2002." Order No. PSC-99-0519-AS-EI, issued on March 17, 1999, in Docket No. 990067-EI. "FPL is authorized to recover these prudently incurred costs in 2003. Interest, however, will not accrue on these expenses." Order No. PSC-01-2463-FOF-EI, issued on December 18, 2001, in Docket No. 010007.

ISSUE 9B: How should the newly proposed environmental costs for the St. Lucie Turtle Net project be allocated to the rate classes?

STAFF'S POSITION:

The capital costs associated with the St. Lucie Turtle Net project should be allocated on a 12 Coincident Peak (CP) and 1/13 Average Demand (AD) basis.

ISSUE 9C: Should the Commission approve Florida Power & Light Company's request for recovery of costs for the Pipeline Integrity Management Project through the Environmental Cost Recovery Clause?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 9D: How should the newly proposed environmental costs for the Pipeline Integrity Management Project be allocated to the rate classes?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 9E: Should the Commission approve Florida Power & Light Company's request for recovery of costs for Oil Spill Prevention, Control & Countermeasures through the Environmental Cost Recovery Clause?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 9F: How should the newly proposed environmental costs for the Oil Spill Prevention, Control & Countermeasures activities be allocated to the rate classes?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 9G: Should the Commission approve FPL's request to recover costs for the Manatee Reburn NOx Control Technology Project through the Environmental Cost Recovery Clause?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 9H: How should the newly proposed environmental costs for the Manatee Reburn NOx Control Technology Project be allocated to the rate classes?

STAFF'S POSITION:

Costs should be allocated on an energy basis.

Gulf Power Company

ISSUE 10A:

How should the newly proposed environmental costs for implementing the Ozone Agreement between Gulf and the Department of Environmental Protection be allocated to the rate classes?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

Tampa Electric Company

ISSUE 11A:

How should the environmental costs for the Polk NOx Emissions Reduction project be allocated to the rate classes?

STAFF'S POSITION:

Costs should be allocated on an energy basis.

Florida Power Corporation

ISSUE 12A:

Should the Commission approve Florida Power Corporation's request for recovery of costs for Substation Environmental Investigation, Remediation, and Pollution Prevention?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 12B:

How should the newly proposed environmental costs for the Substation Environmental Investigation, Remediation, and Pollution Prevention be allocated to the rate classes?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 12C:

Should the Commission approve Florida Power Corporation's request for recovery of costs for Distribution System Environmental Investigation, Remediation, and Pollution Prevention?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

ISSUE 12D:

How should the newly proposed environmental costs for the Distribution System Environmental Investigation, Remediation, and Pollution Prevention be allocated to the rate classes?

STAFF'S POSITION:

No position at this time. Staff is waiting for responses to discovery requests.

e. Pending Motions

Staff has no pending motions.

f. Pending Confidentiality Requests

Staff has no pending confidentiality requests.

g. Compliance with Order No. PSC-02-0338-PCO-EI

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

STAFF'S PREHEARING STATEMEMNT
DOCKET NO. 020007-EI
PAGE 8

Respectfully submitted this 27th day of October,
2002.

Marlene K. Stern
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of **STAFF'S PREHEARING STATEMENT** has been furnished by U.S. Mail, this 24th day of October, 2002, to the following:

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