

ORIGINAL

STEEL ■  
HECTOR  
& DAVIS  
INTERNATIONAL™

Steel Hector & Davis LLP  
200 South Biscayne Boulevard  
Suite 4000  
Miami, FL 33131-2398  
305.577.7000  
305.577.7001 Fax  
www.steelhector.com

John T. Butler, P.A.  
305.577.2939  
jtb@steelhector.com

October 25, 2002

**-VIA HAND DELIVERY-**

Blanca S. Bayó  
Director, Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
OCT 25 AM 11:13  
COMMISSION  
CLERK



**Re: Docket No. 020007-EI**

Dear Ms. Bayó:

I am enclosing for filing in the above docket the original and seven (7) copies of Florida Power & Light Company's Prehearing Statement, together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows 2000, and the word processing software in which the documents appear is Word 2000.

If there are any questions regarding this transmittal, please contact me at 305-577-2939.

Very truly yours,

John T. Butler, P.A.

Enclosure

cc: Counsel for Parties of Record (w/encl.)

AUS  
CAF  
CMP  
COM 5  
CTR  
ECR  
GCL  
OPC  
MMS  
SEC 1  
OTH

RECEIVED & FILED  
  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATED  
11703 OCT 25 02  
FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

IN RE: Environmental            )  
Recovery Clause                )  
\_\_\_\_\_                          )

DOCKET NO. 020007-EI  
DATED: October 25, 2002

**FLORIDA POWER & LIGHT COMPANY'S  
PREHEARING STATEMENT**

Pursuant to Order No. PSC-02-0338-PCO-EI, issued March 14, 2002 establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

**A.     APPEARANCES**

John T. Butler, P.A.  
Steel Hector & Davis LLP  
200 South Biscayne Boulevard  
Suite 4000  
Miami, Florida 33131-2398  
Telephone: 305-577-2939

R. Wade Litchfield, Esq.  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
Telephone: 561-691-7101

**B.     WITNESSES**

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
K.M. DUBIN	ECRC Projections and Factors for January through December 2002	3 - 8
K.M. DUBIN	ECRC Estimated/Actual True-up for January through December 2001	2
K.M. DUBIN	ECRC Final True-up for January through December 2000	1

K.M. DUBIN	Effect of FPL's Stipulation on Level Of Recovery	9A
K.M. DUBIN	Allocation of St. Lucie Turtle Net Project	9B
K.M. DUBIN R.R. LABAUVE	Recovery of FPL's Pipeline Integrity Management Project	9C
K.M. DUBIN	Allocation of Pipeline Integrity Management Project	9D
K.M. DUBIN R.R. LABAUVE	Recovery of FPL's Oil Spill Prevention, Control, and Countermeasures activities	9E
K.M. DUBIN	Allocation of Oil Spill Prevention, Control, and Countermeasures activities	9F
K.M. DUBIN R.R. LABAUVE	Recovery of FPL's Manatee Reburn NOx Control Technology Project	9G
K.M. DUBIN	Allocation of Manatee Reburn NOx Control Technology Project	9H

**C. EXHIBITS**

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-1)	K.M. DUBIN	Environmental Cost Recovery Final True-up January - December 2001 Commission Forms 42 - 1A through 42 - 8A
(KMD-2)	K.M. DUBIN	Appendix I Environmental Cost Recovery Estimated/Actual Period January Through December 2002 Commission Forms 42-1E - 42-8E
(KMD-3)	K.M. DUBIN	Appendix I Environmental Cost Recovery Projections January - December 2003 Commission Forms 42-1P - 42-7P

(RRL-1)	R.R. LABAUVE	Document I U.S. Department of Transportation Regulation 49 CFR Part 195
(RRL-2)	R.R. LABAUVE	Conceptual Application of Reburning in a Utility Boiler
(RRL-3)	R.R. LABAUVE	Environmental Protection Agency 40 CFR Part 112

These exhibits should be identified separately rather than as a composite.

**D. STATEMENT OF BASIC POSITION**

None necessary

**E. STATEMENT OF ISSUES AND POSITIONS**

**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?

**FPL:** \$0 pursuant to the 1999 Stipulation and Settlement Agreement approved by Commission Order No. PSC-99-0519-AS-EI. (DUBIN)

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

**FPL:** \$7,799,426 underrecovery. Pursuant to Commission Order No. PSC-01-2463-FOF-EI, this true-up amount represents actual costs for the period April 15, 2002 through June 2002 and revised estimates for the period July 2002 through December 2002, excluding interest. (DUBIN)

**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?

**FPL:** \$7,799,426 underrecovery. (DUBIN)

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

**FPL:** The total environmental cost recovery amount, adjusted for revenue taxes is \$19,149,944. This amount consists of \$11,049,501 of projected environmental

cost for the period January through December 2003, net of the prior period underrecovery and taxes. (DUBIN)

**ISSUE 5:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts for the period January 2003 through December 2003?

**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 as approved by the FPSC. (DUBIN)

**ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2003 through December 2003?

**FPL:** Energy Jurisdictional Factor 98.97818%  
CP Demand Jurisdictional Factor 99.01742%  
GCP Demand Jurisdictional Factor 100.00000% (DUBIN)

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

<b>FPL:</b>	<b>FPL:</b>	<b>Rate Class</b>	<b>Environmental Recovery Factor (\$/kWh)</b>
		RS-1	0.00021
		GS-1	0.00020
		GSD1	0.00019
		OS2	0.00019
		GSLD1/CS1	0.00019
		GSLD2/CS2	0.00019
		GSLD3/CS3	0.00017
		ISST1D	0.00019
		SST1T	0.00018
		SST1D	0.00019
		CILC D/CILC G	0.00018
		CILC T	0.00017
		MET	0.00020
		OL1/SL1	0.00017
		SL2	0.00018

(DUBIN)

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

**FPL:** The new environmental cost recovery factors should become effective with customer bills for January 2003 through December 2003. This will provide 12 months of billing on the environmental cost recovery factors for all customers. (DUBIN)

### **COMPANY SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES**

**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?

**FPL:** In Order No. PSC-01-2463-FOF-EI dated December 18, 2001, the Commission states "FPL should be required to follow the provisions of the stipulation in Order No. PSC-99-0519-AS-EI, which state: "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." FPL is authorized to recover these prudently incurred environmental costs in 2003. Interest, however, will not accrue on these expenses". All of the costs FPL is seeking to recover in this docket are consistent with these provisions. (DUBIN)

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

**FPL:** Proposed costs for the St. Lucie Turtle Net project should be allocated to the rate classes on a 12 CP and 1/13<sup>th</sup> basis. (DUBIN)

**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?

**FPL:** Yes. FPL is implementing the Pipeline Integrity Management Project ("PIM Project") to comply with the U.S. Department of Transportation's regulations in 49 CFR Part 195. The regulation requires operators with 500 or fewer miles of regulated pipelines to establish a program for managing the integrity of pipelines that could affect high consequence areas if a leak or rupture occurs. The PIM Project costs are reasonable and necessary in order to comply with these regulations. (LABAUVE, DUBIN)

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

**FPL:** Proposed Capital costs for the Pipeline Integrity Management Project should be allocated to the rate classes on a 12 CP and 1/13th basis. Proposed O&M costs should be allocated to the rate classes on 12 CP basis. (DUBIN)

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

**FPL:** Yes. FPL is implementing the Oil Spill Prevention, Control, and Countermeasures that comprise the SPCC Project to comply with the U.S. Environmental Protection Agency's amended regulations in 40 CFR Part 112. The amended regulations requires certain facilities to prepare and implement SPCC Plans and address oil spill prevention requirements including the establishment of procedures, methods, equipment, and other requirements to prevent discharges of oil. The SPCC Project costs are reasonable and necessary in order to comply with these amended regulations. (LABAUVE, DUBIN)

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

**FPL:** Proposed Capital costs for the Oil Spill Prevention, Control & Countermeasures activities should be allocated to the rate classes on a 12 CP and 1/13th basis. Proposed O&M costs should be allocated to the rate classes on 12 CP basis. (DUBIN)

**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?

**FPL:** Yes. FPL has entered into an agreement with the Florida Department of Environmental Protection (FDEP) to implement that Manatee Reburn NOx Control Technology Project at the Manatee Units 1 and 2 for the exclusive purpose of ensuring compliance with ozone ambient air quality standards in the Tampa Bay Airshed. The costs of this Project are reasonable and necessary in order to fulfill the terms of the FDEP agreement. Per Section 366.8255(1)(d)7, Florida Statutes, FPL is entitled to recover the costs of this project through the Environmental Cost Recovery Clause. (LABAUVE, DUBIN)

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

**FPL:** Proposed Capital costs for the Manatee Reburn NOx Control Technology Project should be allocated to the rate classes on a 12 CP and 1/13th basis. Proposed O&M costs should be allocated to the rate classes on an energy basis. (DUBIN)

## WITNESSES AND SUBJECT MATTER

WITNESS	SPONSOR	SUBJECT MATTER	EXHIBIT TITLES
K. M. DUBIN	FPL	ECRC Projections for January through December 2003	Appendix I, Forms 42-1P through 42-7P
K. M. DUBIN	FPL	ECRC Estimated/ Actual True-up for January through December 2002	Appendix I, Forms 42-1E through 42-8E
K. M. DUBIN	FPL	ECRC Final True-up for January through December 2001	Forms 42-1A through 42-8A
R.R.LABAUVE	FPL	Pipeline Integrity Management Program	RRL-1
R.R.LABAUVE	FPL	Oil Spill Prevention, Control, and Countermeasures Project	RRL-3
R.R.LABAUVE	FPL	Manatee Reburn NOx Control Technology Project	RRL-2

### F. STATEMENT OF POLICY ISSUES AND POSITIONS

FPL: None at this time

### G. STIPULATED ISSUES

FPL: None at this time.

### H. PENDING MOTIONS

FPL is aware of no outstanding motions at this time.

### I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE




There are no requirements of the Order Establishing Procedure with which FPL cannot comply.

Respectfully submitted,

R. Wade Litchfield, Esq.  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
Telephone: 561-691-7101

Steel Hector & Davis LLP  
Attorneys for Florida Power & Light  
Company  
200 South Biscayne Boulevard  
Suite 4000  
Miami, Florida 33131-2398  
Telephone: 305-577-2939

By:   
John T. Butler, P.A.  
Fla. Bar No. 283479

**CERTIFICATE OF SERVICE**  
**Docket No. 020007-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished by hand delivery (\*) or U.S. Mail this 25<sup>th</sup> day of October, 2002 to the following:

Marlene K. Stern, Esq. \*  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Gunter Building, Room 370  
Tallahassee, FL 32399

Lee L. Willis, Esq.  
James D. Beasley, Esq.  
Ausley & McMullen  
Attorneys for TECO  
P.O. Box 391  
Tallahassee, FL 32302

Robert Vandiver, Esq.  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399

James A. McGee, Esq.  
Florida Power Corporation  
P. O. Box 14042  
St. Petersburg, FL 33733

Ms. Susan D. Ritenour  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780

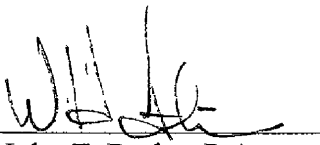
Vicki Gordon Kaufman, Esq.  
Joseph A. McGlothlin, Esq.  
McWhirter Reeves  
Attorneys for FIPUG  
117 South Gadsden Street  
Tallahassee, FL 32301

Jeffrey A. Stone, Esq.  
Russell A. Badders, Esq.  
Beggs and Lane  
Attorneys for Gulf Power Corp.  
P.O. Box 12950  
Pensacola, FL 32576

John W. McWhirter, Jr., Esq.  
McWhirter, Reeves, McGohtlin,  
Davidson, et al.  
Attorneys for FIPUG  
P. O. Box 3350  
Tampa, FL 33601-3350

Ms. Angela Llewellyn  
Tampa Electric Company  
Regulatory Affairs  
P.O. Box 111  
Tampa, FL 33601-0111

By

  
John T. Butler, P.A.