

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost
recovery clause.

DOCKET NO. 030007-EI
DATED: OCTOBER 7, 2003

STAFF'S PRELIMINARY LIST OF ISSUES AND POSITIONS

Pursuant to Order No. PSC-03-0114-PCO-EI, issued January 21, 2003, establishing the prehearing procedure in this docket, the Staff of the Florida Public Service Commission hereby files its Preliminary List of Issues and Positions.

Generic Environmental Cost Recovery Issues

ISSUE 1:

What are the final environmental cost recovery true-up amounts for the period ending December 31, 2002?

POSITION:

FPL: \$205,349 over recovery
PEFI: \$38,833 under recovery
Gulf: \$229,600 over recovery
TECO: \$456,568 under recovery

ISSUE 2:

What are the estimated environmental cost recovery true-up amounts for the period January 2003 through December 2003?

POSITION:

FPL: \$850,933 over recovery
PEFI: Based on the resolution of company specific issues
(11A - D)
Gulf: \$209,163 over recovery
TECO: \$163,803 under recovery

ISSUE 3:

What are the total environmental cost recovery true-up amounts to be collected or refunded during the period January 2004 through December 2004?

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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POSITION:

FPL: \$1,056,282 over recovery
PEFI: Based on the resolution of company specific issues
(11A - D)
Gulf: \$438,763 over recovery
TECO: \$620,371 under recovery

ISSUE 4:

What are the projected environmental cost recovery amounts for the period January 2004 through December 2004?

POSITION:

FPL: Based on the resolution of company specific issues
(10A - 10F)
PEFI: Based on the resolution of company specific issues
(11A - D)
Gulf: Based on the resolution of company specific issues
(12A - F)
TECO: \$26,200,066

ISSUE 5:

What are the environmental cost recovery amounts, including true-up amounts, for the period January 2004 through December 2004?

POSITION:

(Fall out issue. Based on the resolution of generic issues 1, 2, 3, 4, 6, & 7)
FPL: Based on the resolution of company specific issues
(10A - F)
PEFI: Based on the resolution of company specific issues
(11A - D)
Gulf: Based on the resolution of company specific issues
(12A - F)
TECO: \$26,8200,437 or \$26,839,747 adjusted for taxes.

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 2004 through December 2004?

POSITION:

The depreciation rates to 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 2004 through December 2004?

POSITION:

FPC: The energy jurisdictional separation factors are calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.

Production Demand Jurisdictional Factor - Base
95.957%, Intermediate 86.574%, Peaking 74.562%

Transmission Demand Jurisdictional Factor 72.115%

Distribution Demand Jurisdictional Factor 99.529%

FPL: Energy Jurisdictional factor - 98.75007%;
CP Demand Jurisdictional Factor - 98.84301%;
GCP Demand Jurisdictional Factor - 100.00000%.

TECO: The demand jurisdictional separation factor is 95.43611%. The energy jurisdictional separation factors are calculated for each month based on projected retail kWh sales as a percentage of projected total system kWh sales.

GULF: The demand jurisdictional separation factor is 96.50187%. The energy jurisdictional separation factors are calculated for each month based on projected retail kWh sales as a percentage of projected total system kWh sales.

ISSUE 8:

What are the appropriate environmental cost recovery factors for the period January, 2004, through December, 2004, for each rate group?

POSITION:

This fallout issue and staff's position will be based on resolution of generic issues 1-7 and company issues.

ISSUE 9:

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 2004 through December 2004. Billing cycles may start before January 1, 2004, and the last cycle may be read after December 31, 2004, 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

ISSUE 10A.

Should the Commission approve FPL's request for recovery of costs for the Underground Storage Tank Replacement/Removal through the Environmental Cost Recovery Clause?

POSITION:

Under review. Staff has no position at this time.

ISSUE 10B:

How should FPL's newly proposed environmental costs for the Underground Storage Tank Replacement/Removal be allocated to the rate classes?

POSITION:

If approved, the proposed O&M costs should be allocated to the rate classes on a 12 Coincident Peak (CP) basis.

ISSUE 10C:

Should the Commission approve FPL's request for recovery of costs for the Lowest Quality Water Source Project through the Environmental Cost Recovery Clause?

POSITION:

Under review. Staff has no position at this time.

ISSUE 10D:

How should FPL's newly proposed environmental costs for the Lowest Quality Water Source Project be allocated to the rate classes?

POSITION:

If approved, the proposed O&M costs should be allocated to the rate classes on a 12 Coincident Peak (CP) basis.

ISSUE 10E:

Should the Commission approve FPL's request for recovery of costs for the Port Everglades Electrostatic Precipitator Technology Project through the Environmental Cost Recovery Clause?

POSITION:

Under review. Staff has no position at this time.

ISSUE 10F:

How should FPL's newly proposed environmental costs for the Port Everglades Electrostatic Precipitator Technology Project be allocated to the rate classes?

POSITION:

If approved, the proposed capital costs should be allocated to the rate classes on an energy basis.

Progress Energy Florida

ISSUE 11A:

How should PEFI's newly proposed environmental costs for the Pipeline Integrity Management Program be allocated to the rate classes?

POSITION:

The proposed capital and O&M costs should be allocated to the rate classes on a 12 Coincident Peak (CP) basis.

ISSUE 11B:

Should an adjustment be made for the level of costs currently being recovered through PEFI's base rates for the Aboveground Tank Secondary Containment Program?

POSITION:

This project is still under review. Staff has no position at this time.

ISSUE 11C:

How should PEFI's newly proposed environmental costs for the Aboveground Tank Secondary Containment Program be allocated to the rate classes?

POSITION:

If approved, the proposed capital costs should be allocated to the rate classes on a 12 Coincident Peak (CP) basis.

ISSUE 11D:

What are the appropriate weighted debt and equity rates of return for the recovery of capital investment costs for PEFI?

POSITION:

The appropriate weighted debt and equity rates of return for recovery of capital investment costs are those effective January 1, 2002, and reflected in Order No. PSC-02-0655-AS-EI in Docket No. 000824-EI.

Gulf Power Company

ISSUE 12A:

Should the Commission approve Gulf's request for recovery of costs for the Plant Crist Unit 7 Scrubber Study through the Environmental Cost Recovery Clause?

POSITION:

Under review. Staff has no position at this time.

ISSUE 12B:

How should Gulf's newly proposed environmental costs for the Plant Crist Unit 7 Scrubber Study be allocated to the rate classes?

POSITION:

If approved, the proposed capital costs should be allocated to the rate classes on an energy basis.

ISSUE 12C:

Should the Commission approve Gulf's request for recovery of costs for the Plant Crist Fourier Transform Infrared Spectrometer through the Environmental Cost Recovery Clause?

POSITION:

Under review. Staff has no position at this time.

ISSUE 12D:

How should Gulf's newly proposed environmental costs for the Plant Crist Fourier Transform Infrared Spectrometer be allocated to the rate classes?

POSITION:

If approved, the proposed capital costs should be allocated to the rate classes on an energy basis.

ISSUE 12E:

Should the Commission approve Gulf's request for recovery of costs for the Plant Crist Stormwater Project through the Environmental Cost Recovery Clause?

POSITION:

Under review. Staff has no position at this time

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ISSUE 12F:

How should Gulf's newly proposed environmental costs for the Plant Crist Stormwater Project be allocated to the rate classes?

POSITION:

If approved, the proposed capital costs should be allocated to the rate classes on a 12 Coincident Peak (CP) and 1/13 Average Demand basis.

Dated this 7th day of October, 2003.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and one correct copy of Staff's Second Request for Production of Documents (No. 3) has been mailed to Mr. James McGee, P.O. Box 14042, St. Petersburg, Florida 33733-4042, on behalf of Progress Energy Florida, and that a true and correct copy thereof has been furnished to the following, by U.S. Mail, this 7th day of October, 2003:

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