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October 11, 2004

**-VIA OVERNIGHT DELIVERY-**

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

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COMMISSION  
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**Re: Docket No. 040007-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 XP, 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*  
for JTB

John T. Butler

CMP \_\_\_\_\_  
COM 5  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_ Enclosure  
GCL \_\_\_\_\_ cc: Counsel for Parties of Record (w/encl.)  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_ MIA2001 367715v1  
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 040007-EI  
DATED: October 12, 2004

FLORIDA POWER & LIGHT COMPANY'S  
PREHEARING STATEMENT

Pursuant to Order No. PSC-04-0233-PCO-EI, issued March 2, 2004 establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
K.M. DUBIN	ECRC Projections and Factors for January through December 2005	3 - 8
K.M. DUBIN	ECRC Estimated/Actual True-up for January through December 2004	2
K.M. DUBIN	ECRC Final True-up for January through December 2003	1

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

K.M. DUBIN	Allocation of CWA 316(b) Phase II Rule Project	9A
K.M. DUBIN R.R. LABAUVE	Recovery of SCR Consumables Project	9B
K.M. DUBIN	Allocation of SCR Consumables Project	9C
K.M. DUBIN	Method for calculating return on average Investment for ECRC projects	9D

**C. EXHIBITS**

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-1)	K.M. DUBIN	Appendix I Environmental Cost Recovery Final True-up January - December 2003 Commission Forms 42 - 1A through 42 - 8A
(KMD-2)	K.M. DUBIN	Appendix I Environmental Cost Recovery Estimated/Actual Period January Through December 2004 Commission Forms 42-1E - 42-8E
(KMD-3)	K.M. DUBIN	Appendix I Environmental Cost Recovery Projections January - December 2005 Commission Forms 42-1P - 42-7P
(RRL-1)	R.R. LABAUVE	Martin Unit 8 Power Plant Siting Application PA 89-27A Final Order of Certification and Excerpt from Conditions of Certification – Section IV - Air
(RRL-2)	R.R. LABAUVE	Manatee Unit 3 Power Plant Siting Application PA 02-44 Final Order of Certification and Excerpt from Conditions of Certification – Section XXIII - Air

**D. STATEMENT OF BASIC POSITION**

None necessary

**E. STATEMENT 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, 2003?

**FPL:** \$43,877 over recovery. (DUBIN)

**ISSUE 2:** What are the estimated environmental cost recovery true-up amounts for the period January 2004 through December 2004?

**FPL:** \$103,793 under recovery. (DUBIN)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2005 through December 2005?

**FPL:** \$24,476,832 (DUBIN)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2005 through December 2005?

**FPL:** The total environmental cost recovery amount, adjusted for prior period true-ups and revenue taxes, is \$24,928,600. (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 2005 through December 2005?

**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 2005 through December 2005?

**FPL:** Energy Jurisdictional Factor 98.56595%  
CP Demand Jurisdictional Factor 98.6339%

GCP Demand Jurisdictional Factor 100.00000% (DUBIN)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2005 through December 2005 for each rate group?

<b>FPL:</b>	<b>FPL: Rate Class</b>	<b>Environmental Recovery Factor (\$/kWh)</b>
	RS-1/RST1	0.00025
	GS-1/GST1	0.00024
	GSD1/GSDT1	0.00023
	OS2	0.00023
	GSLD1/GSLDT1/CS1/CST1	0.00023
	GSLD2/GSLDT2/CS2/CST2	0.00022
	GSLD3/GSLDT3/CS3/CST3	0.00021
	ISST1D	0.00021
	ISST1T	0.00022
	SST1T	0.00022
	SST1D1/SST1D2/SST1D3	0.00021
	CILC D/CILC G	0.00022
	CILC T	0.00021
	MET	0.00024
	OL1/SL1/PL1	0.00016
	SL2	0.00021

(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 2005 through December 2005 (cycle day 3 through cycle day 2). Billing cycles may start before January 1, 2005, and the last cycle may be read after December 31, 2005, so that each customer is billed for twelve consecutive months regardless of when the adjustment factor became effective. (DUBIN)

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

**ISSUE 9A:** How should FPL's environmental costs for the CWA 316(b) Phase II Rule Project be allocated to the rate classes?

**FPL:** The proposed O&M costs should be allocated to the rate classes on an average 12 coincident peak demand basis. (DUBIN)

**ISSUE 9B:** Should the Commission approve FPL's request for recovery of costs for SCR Consumables Project through the Environmental Cost Recovery Clause?

**FPL:** Yes. Prudently incurred costs for SCR Consumables Project are appropriate for recovery through the ECRC. (DUBIN, LABAUVE)

**ISSUE 9C:** How should FPL's newly proposed environmental costs for SCR Consumables Project be allocated to the rate classes?

**FPL:** The proposed O&M and Capital costs for SCR Consumables Project should be allocated to the rate classes on an energy basis. (DUBIN)

**ISSUE 9D:** On a going forward basis, what is the appropriate method for calculating the return on average net investment for Environmental Cost Recovery Clause projects?

**FPL:** Consistent with FPL's 2002 Rate Agreement, FPL is using the 2002 capital cost and capital structure from the December 2002 Surveillance Report to calculate the return on assets included in FPL's Environmental Cost Recovery Clause. (DUBIN)

#### WITNESSES AND SUBJECT MATTER

WITNESS	SPONSOR	SUBJECT MATTER	EXHIBIT TITLES
K. M. DUBIN	FPL	ECRC Projections for January through December 2005	Appendix I, Forms 42-1P through 42-7P
K. M. DUBIN	FPL	ECRC Estimated/ Actual True-up for January through December 2004	Appendix I, Forms 42-1E through 42-8E
K. M. DUBIN	FPL	ECRC Final True-up for January through December 2003	Forms 42-1A through 42-8A
R.R.LABAUVE	FPL	SCR Consumables Project	RRL-1
R.R.LABAUVE	FPL	SCR Consumables 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,

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