

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 050007-EI

FILED: October 10, 2005

STAFF'S PRELIMINARY LIST OF ISSUES AND POSITIONS

Pursuant to Order No. PSC-05-264-PCO-EI, issued March 10, 2005, establishing the prehearing procedure in this docket, the Staff of the Florida Public Service Commission hereby files its Preliminary List of Issues and Positions.

1. What are the final environmental cost recovery true-up amounts for the period ending December 31, 2004?

FPL: \$ 505,074 over recovery including interest.
PEF: \$5,961,886 over recovery including interest.
TECO: \$ 25,849 over recovery including interest.
Gulf: \$ 628,050 over recovery including interest.

2. What are the estimated environmental cost recovery true-up amounts for the period January 2005 through December 2005?

FPL: No position at this time.
PEF: No position at this time.
Gulf: \$ 646,587 over recovery including interest.
TECO: \$ 101,061,442 over recovery including interest.

3. What are the projected environmental cost recovery amounts for the period January 2006 through December 2006?

FPL: No position at this time.
PEF: No position at this time.
Gulf: No position at this time.
TECO: \$ 27,754,796.

4. What are the environmental cost recovery amounts, including true-up mounts for the period January 2006 through December 2006?

FPL: No position at this time.
PEF: No position at this time.
Gulf: No position at this time.
TECO: \$ 73,395,302 adjusted for taxes, to be refunded.

5. What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2006 through December 2006?

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.

6. What are the appropriate jurisdictional separation factors for the projected period January 2006 through December 2006?

FPL: Energy Jurisdictional factor - 98.553348%;
CP Demand Jurisdictional Factor - 98.62224%;
GCP Demand Jurisdictional Factor - 100%.

PEF: 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 Factors

Base 93.753%,

Intermediate 79.048%,

Peaking 88.979%

Transmission Demand Jurisdictional Factor 70.597%

Distribution Demand Jurisdictional Factor 99.597%

TECO: The demand jurisdictional separation factor is 96.41722%. 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 96.64872%. 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.

7. What are the appropriate environmental cost recovery factors for the period January 2006 through December 2006, for each rate group?

The factors are a mathematic calculation based on the resolution of company specific issues. Staff asks for administrative authority to review the calculations reflecting the Commission's vote and include the resultant factors in the Order.

8. What should be the effective date of the environment cost recovery factors for billing purposes?

The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2006 through December 2006. Billing cycles may start before January 1, 2006, and the last cycle may be read after December 31,

2006, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

COMPANY SPECIFIC ISSUES.

Florida Power & Light Co. (FPL)

9A: Should the Commission approve FPL's request for recovery of costs for a 10 year Hydrobiological Monitoring Program associated with FPL's makeup water withdrawals from the Little Manatee River for its Manatee Unit 3 generating unit?

No position at this time.

9B: How should FPL's environmental costs for the Little Manatee River Hydrobiological Monitoring Program be allocated to the rate classes?

If approved for recovery, the proposed operating and maintenance costs should be allocated to the rate classes on an average 12 coincident peak demand basis.

9C: Should the Commission approve FPL's request for recovery of study costs and costs to retrofit various power plants to comply with the Clean Air Interstate Rule?

No position at this time.

9D: How should FPL's environmental costs for compliance with the Clean Air Interstate Rule be allocated to the rate classes?

If approved for recovery: 1) the proposed operating and maintenance costs should be allocated to the rate classes on an energy basis; and, 2) the proposed capitalized should be allocated to the rate classes on an average 12 coincident peak demand and 1/13 average demand consistent with Commission Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket No. 050045-EI, In Re: Petition for rate increase by Florida Power & Light Company.

9E: Should the Commission approve recovery of FPL's legal costs to challenge the Clean Air Interstate Rule?

No position at this time.

9F: How should FPL's legal costs to challenge the Clean Air Interstate Rule be allocated to the rate classes?

If approved for recovery, the proposed operating and maintenance costs should be allocated to the rate classes on energy basis.

9G: Should the Commission approve FPL's request for recovery of costs to model potential visibility degradation in any Class 1 Federal Area associated with air emissions from its electric generating units pursuant to the Regional Haze Rule?

No position at this time.

9H: How should FPL's environmental costs for modeling potential visibility degradation pursuant to the Regional Haze Rule be allocated to the rate classes?

If approved for recovery, the proposed operating and maintenance costs should be allocated to the rate classes on an energy basis.

Progress Energy Florida, Inc.

10A: Should the Commission approve PEF's request for recovery of costs for certain Sea Turtle street lighting activities in Franklin County, Gulf County, and within the City of Mexico Beach?

No position at this time.

10B: How should the costs for PEF's Sea Turtle street lighting activities be allocated to the rate classes?

If approved for recovery, the proposed operating and maintenance costs and capitalized costs should be allocated to the rate classes on a non-coincident peak demand basis.

10C: Should the Commission approve PEF's request for recovery of costs to assess groundwater arsenic levels and consultant costs for development of an arsenic remediation plan at Plants Anclote, Bartow, Hines, and Crystal River?

No position at this time.

10D: How should the costs for PEF's arsenic groundwater monitoring and studies be allocated to the rate classes?

If approved for recovery, the proposed operating and maintenance costs should be allocated to the rate classes on a 12 coincident peak demand and 1/13 average demand basis.

10E: Should the Commission approve PEF's request for recovery of costs for installing secondary containment for certain underground storage tanks and small diameter piping at the Bartow and Crystal River Power Plant sites?

No position at this time.

10F: How should the costs for PEF's secondary containment facilities at the Bartow and Crystal River Power Plant sites be allocated to the rate classes?

If approved for recovery, the proposed capitalized costs should be allocated to the rate classes on a 12 coincident peak demand and 1/13 average demand basis.

Gulf Power Company

11A: Should the Commission approve Gulf's request for recovery of costs for groundwater arsenic remediation activities at Plants Crist and Scholz?

No position at this time.

11B: How should the costs for GULF's arsenic groundwater remediation activities at Plants Crist and Scholz be allocated to the rate classes?

If approved for recovery, the proposed capitalized costs should be allocated to the rate classes on 12 coincident peak demand and 1/13 average demand basis.

11C: Should the Commission approve GULF's request for recovery of costs for water conservation measures at Plant Crist?

No position at this time.

11D: How should the costs for GULF's Plant Crist water conservation measures be allocated to the rate classes?

If approved for recovery, the proposed capitalized costs should be allocated to the rate classes on 12 coincident peak demand and 1/13 average demand basis.

11E: Should the Commission approve GULF's request for recovery of costs for replacement of the copper condenser tubes at Plant Crist with stainless steel condenser tubes?

No position at this time.

11F: How should the costs for GULF's Plant Crist condenser tube replacement be allocated to the rate classes?

If approved for recovery, the proposed capitalized costs should be allocated to the rate classes on 12 coincident peak demand and 1/13 average demand basis.

11G: Should the Commission make any ruling on inclusion of the Plant Crist flue gas desulfurization unit in the ECRC when Gulf has, intentionally, not petitioned for inclusion of the project in the ECRC, and there are no costs to be recovered in 2005 and 2006?

No. Gulf has not presented any issue for adjudication, and the testimony on the Plant Crist flue gas desulfurization unit should be stricken.

11H: Should the Commission make any ruling on inclusion in the ECRC of the bag-house on the Plant Smith Unit 2 electric generation facility when Gulf has, intentionally, not petitioned for inclusion of the project in the ECRC, and there are no costs to be recovered in 2005 and 2006?

No. Gulf has not presented any issue for adjudication, and the testimony on the Plant Smith Unit 2 electric generation facility should be stricken.

Tampa Electric Company

Staff has no issues regarding Tampa Electric Company's filings.

Dated this 10th day of October 2005.

Respectfully submitted,


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of STAFF'S PRELIMINARY LIST OF ISSUES AND POSITIONS, was furnished to the following, by U.S. Mail, on this 10th day of October, 2005.

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