

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Environmental cost recovery clause. ) DOCKET NO. 050007-EI  
 )  
\_\_\_\_\_ ) FILED: October 10, 2005

**OFFICE OF PUBLIC COUNSEL'S PRELIMINARY LIST OF ISSUES**

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

**OPC:** No position at this time.

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

**OPC:** No position at this time.

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

**OPC:** No position at this time.

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

**OPC:** No position at this time.

**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 2005 through December 2005?

**OPC:** No position at this time.

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

**OPC:** No position at this time.

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

**OPC:** No position at this time.

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

**OPC:** No position at this time.

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

### **Progress Energy Florida**

**ISSUE:** Should the Commission approve PEF's request to recover \$52 million in 2006 for projected costs related to design, engineering, procurement of equipment and initial construction of SCR and FGD systems for its Crystal River coal units and NOx reduction equipment for its Anclote unit?

**OPC:** Just as the Commission correctly withheld approval of any specific technology when it considered PEF's petition in Docket No. 050316-EI, it should not approve this portion of PEF's request at this time. In addition to the fact that PEF is participating in challenges to the CAIR rule, PEF has provided no evidence to support its assertion that FGD equipment, SCR units, and other NOx reduction systems would be the most cost-effective means of complying with the requirements of the CAIR rule. For instance, PEF has not provided any evidence of the comparative costs of burning different fuels or acquiring allowances in lieu of retrofitting the units with expensive emission reduction systems. Until the Commission has such information before it, the Commission is not in a position to approve the recovery of money spent by PEF that would entrench PEF—perhaps irrevocably—into a particular technology or approach. In the absence of an affirmative showing by PEF, OPC has initiated discovery in this docket regarding PEF's presently unsupported claim that it must necessarily construct expensive FGD and SCR systems. When it voted to close Docket No. 050316-EI, the Commission emphasized that it would make whatever adjustments to the schedule in Docket No. 050007-EI that are needed to enable parties and the Commission to fully assess PEF's assertions. The Commission should either defer a decision on PEF's

request or establish a new docket within which to consider the related issues.

**Gulf Power Company**

**ISSUE:** Should Gulf be permitted to include its proposed Scrubber Project in its 2006 projections for the ECR clause?

**OPC:** No, Gulf has not requested approval of its proposed Scrubber Project under the “New Environmental Activities/Projects” section of its petition, so the testimony regarding this project should be stricken and the costs, if any, associated with the Scrubber project should be removed from the 2006 ECRC cost projections.

**ISSUE:** Should Gulf be permitted to include its proposed Plant Smith Baghouse Project in its 2006 projections for the ECR clause?

**OPC:** No, Gulf has not requested approval of its proposed Plant Smith Baghouse Project under the “New Environmental Activities/Projects” section of its petition, so the testimony regarding this projection should be stricken and the costs, if any, associated with the Plant Smith Baghouse Project should be removed from the ECRC cost projections.

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**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail and U.S. Mail on this 10<sup>th</sup> day of October, 2005, to the following:

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