

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Environmental Cost Recovery Clause )  
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DOCKET NO. 050007-EI  
FILED: October 14, 2005

**THE FLORIDA RETAIL FEDERATION'S PREHEARING STATEMENT**

The Florida Retail Federation ("FRF"), pursuant to the Order Establishing Procedure in this case, hereby files its Prehearing Statement.

**A. APPEARANCES:**

**ROBERT SCHEFFEL WRIGHT**, Landers & Parsons, P.A., 310 West College Avenue, Tallahassee, Florida 32301, and

**JOHN T. LAVIA, III**, Landers & Parsons, P.A., 310 West College Avenue, Tallahassee, Florida 32301.

**On Behalf of the Florida Retail Federation.**

**B. WITNESSES:**

None.

**C. EXHIBITS:**

The Florida Retail Federation has no pre-filed exhibits, but reserves its rights to introduce appropriate exhibits through the witnesses of the other parties to this proceeding.

**D. STATEMENT OF BASIC POSITION:**

The investor-owned utilities whose Environmental Cost Recovery Clause charges are to be determined in this docket bear the affirmative burden of proving that their proposed charges are fair, just, and reasonable.

**E. STATEMENT OF ISSUES AND POSITIONS:**

The following are the FRF's positions at this time on the issues identified in the Commission Staff's preliminary issues list filed on October 10, 2005. As indicated below, the FRF tentatively agrees with the Office of Public Counsel on many issues but will make known any differences with the Public Counsel's positions at the prehearing conference in this case.

**GENERIC ISSUES**

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

**FRF:** Tentatively agree with OPC.

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

**FRF:** Tentatively agree with OPC.

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

**FRF:** Tentatively agree with OPC.

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

**FRF:** Tentatively agree with OPC.

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?

**FRF:** Tentatively agree with Staff.

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

**FRF:** Tentatively agree with OPC.

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

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

**FRF**: Tentatively agree with Staff.

### **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?

**FRF**: Tentatively agree with OPC.

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

**FRF**: Tentatively agree with Staff.

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?

**FRF**: Tentatively agree with OPC.

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

**FRF**: Agree with Staff.

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

**FRF**: Tentatively agree with OPC.

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

**FRF**: Tentatively agree with OPC.

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.

**FRF**: Tentatively agree with OPC.

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

**FRF**: Tentatively agree with Staff.

### **Progress Energy Florida**

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?

**FRF**: Tentatively agree with OPC.

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

**FRF**: Tentatively agree with Staff.

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?

**FRF**: Tentatively agree with OPC.

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

**FRF**: Agree with Staff.

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?

**FRF**: Tentatively agree with OPC.

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?

**FRF**: Agree with Staff.

10G: 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?

**FRF**: No. Agree with OPC.

10H: Should the Commission approve Progress Energy Florida's request for recovery through the Environmental Cost Recovery Clause of costs for its new Arsenic Groundwater Standard Program (No. 8), Sea Turtle Lighting Program (No. 9), and Underground Storage Tanks Program (No. 10)?

**FRF**: Tentatively agree with OPC.

### **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?

**FRF**: Tentatively agree with OPC.

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

**FRF**: Agree with Staff.

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

**FRF**: Tentatively agree with OPC.

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

**FRF**: Agree with Staff.

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?

**FRF**: Tentatively agree with OPC.

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

**FRF**: Agree with Staff.

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?

**FRF**: No. Gulf has not properly presented any issue for adjudication. The testimony on the Plant Crist flue gas desulfurization unit should be stricken and the costs associated with this project, if any, should be removed from Gulf's 2006 ECRC cost projections.

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?

**FRF**: No. Gulf has not properly presented any issue for adjudication. The testimony on the Plant Crist flue gas desulfurization unit should be stricken and the costs associated with this project, if any, should be removed from Gulf's 2006 ECRC cost projections.

**F. STIPULATED ISSUES:**

None at this time.

**G. PENDING MOTIONS:**

The FRF is not aware of any pending motions other than motions for protection of confidential information.

**H. PENDING CONFIDENTIALITY CLAIMS OR REQUESTS:**

The FRF is not aware of any pending motions for protection of confidential information that it disputes.

**I. COMPLIANCE WITH ORDER NO. PSC-05-0264-PCO-EI:**

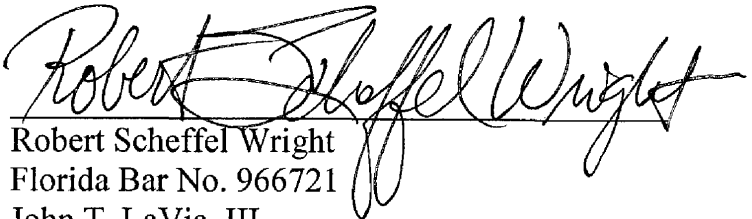
The FRF is not aware of any requirements of the procedural orders in this case with which the FRF cannot comply.

**J. OBJECTIONS TO WITNESSES' QUALIFICATIONS:**

The FRF reserves its rights to challenge the grounds for and substance of witnesses' opinions at the prehearing conference or at hearing.

Respectfully submitted this 14th day of October, 2005.

LANDERS & PARSONS, P.A.



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**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been served by electronic mail and U.S. Mail on this 14<sup>th</sup> day of October, 2005, on the following:

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