

ORIGINAL

Matilda Sanders

From: Tim Perry [tperry@mac-law.com]
 Sent: Friday, October 14, 2005 4:01 PM
 To: Filings@psc.state.fl.us
 Cc: JWM -- John McWhirter
 Subject: Docket No. 050007-EI
 Attachments: FIPUG's Prehearing Statement - 10-14-05.doc

1. Timothy J. Perry, McWhirter Reeves, 117 S. Gadsden Street, Tallahassee, FL 32301, (850) 222-2525, tperry@mac-law.com is the person responsible for this electronic filing;
2. The filing is to be made in Docket 050007-EI, *In re: Environmental Cost Recovery Clause*;
3. The filing is made on behalf of The Florida Industrial Power Users Group;
4. The total number of pages is 8; and
5. The attached document is The Florida Industrial Power Users Group's Prehearing Statement.

Timothy J. Perry
 McWhirter Reeves
 117 S. Gadsden St.
 Tallahassee, FL 32301
 (850) 222-2525
 (850) 222-5606 - Fax
tperry@mac-law.com

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FPSC-COMMISSION CLERK

10/14/2005

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 INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

Pursuant to Order No. PSC-05-0264-PCO-EI, issued March 10, 2005, establishing the prehearing procedure in this docket, the The Florida Industrial Power Users Group (FIPUG) hereby files its Prehearing Statement.

A. APPEARANCES:

JOHN W. MCWHIRTER, JR., McWhirter, Reeves & Davidson, P.A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33601-3350
and
TIMOTHY J. PERRY, McWhirter, Reeves & Davidson, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301.

On Behalf of the Florida Industrial Power Users Group.

B. WITNESSES:

None.

C. EXHIBITS:

None. However, FIPUG reserves the right to utilize appropriate exhibits during cross-examination.

D. STATEMENT OF BASIC POSITION:

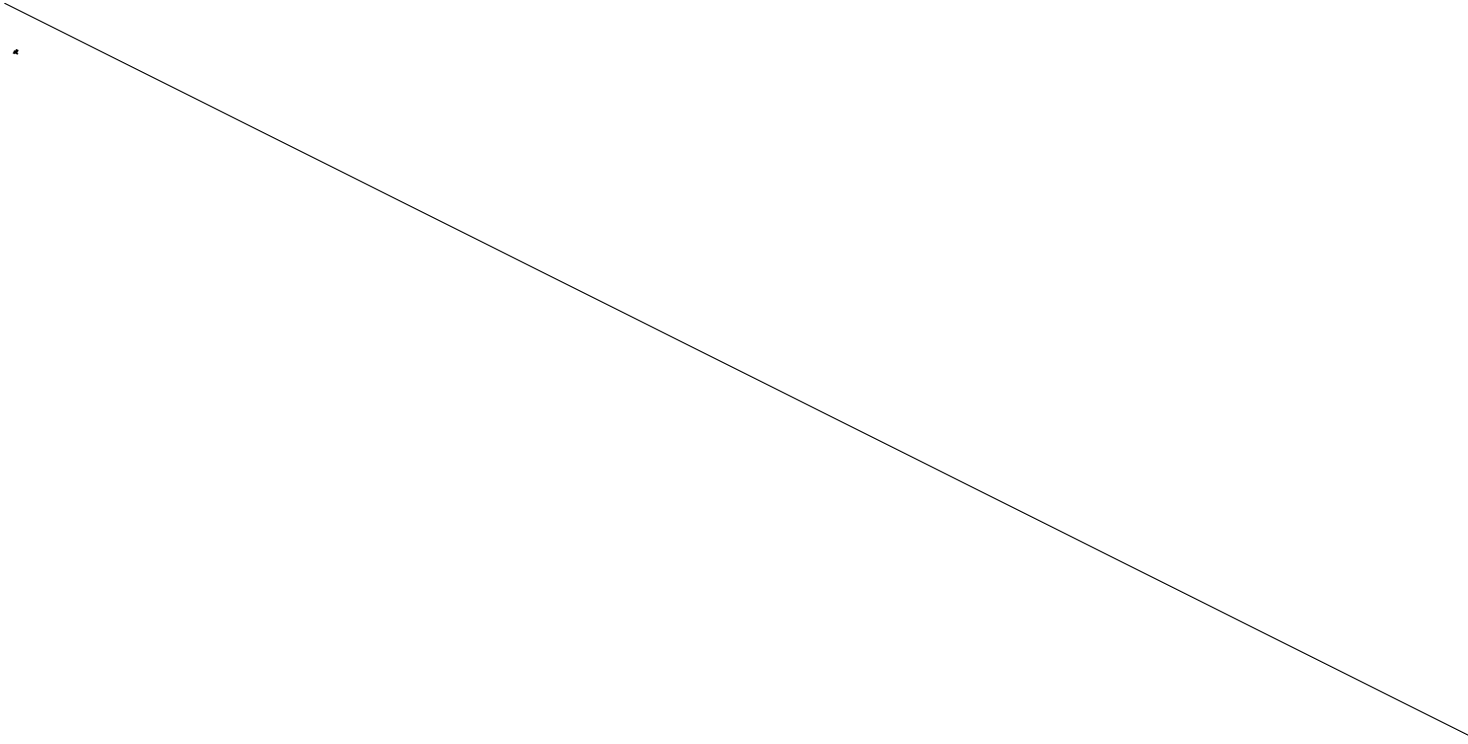
None.

E. STATEMENT OF ISSUES AND POSITIONS:

GENERIC ISSUES

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

FIPUG: 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?

FIPUG: No position at this time.

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

FIPUG: 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?

FIPUG: 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?

FIPUG: No position at this time.

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

FIPUG: 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?

FIPUG: No position at this time.

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

FIPUG: 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)

- ISSUE 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?
- FIPUG:** No position at this time.
- ISSUE 9B:** How should FPL's environmental costs for the Little Manatee River Hydrobiological Monitoring Program be allocated to the rate classes?
- FIPUG:** If approved for recovery, the proposed operating and maintenance costs should be allocated to the rate classes in the same manner that base rates are allocated with appropriate non-firm credits for non-firm customers.
- ISSUE 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?
- FIPUG:** No position at this time.
- ISSUE 9D:** How should FPL's environmental costs for compliance with the Clean Air Interstate Rule be allocated to the rate classes?
- FIPUG:** 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, including appropriate credits for non-firm service.
- ISSUE 9E:** Should the Commission approve recovery of FPL's legal costs to challenge the Clean Air Interstate Rule?
- FIPUG:** No. Such costs are a prudent expense chargeable to base rates, but should not be recovered through the ECRC.
- ISSUE 9F:** How should FPL's legal costs to challenge the Clean Air Interstate Rule be allocated to the rate classes?
- FIPUG:** Such costs are a prudent expense chargeable to base rates, but should not be recovered through the ECRC.
- ISSUE 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?

FIPUG: No. Such costs are a prudent expense chargeable to base rates, but should not be recovered through the ECRC.

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

FIPUG: Such costs are a prudent expense chargeable to base rates, but should not be recovered through the ECRC.

Progress Energy Florida, Inc.

ISSUE 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?**

FIPUG: No position at this time.

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

FIPUG: 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.

ISSUE 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?**

FIPUG: No position at this time.

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

FIPUG: 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 including proper credits for non-firm service.

ISSUE 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?**

FIPUG: No position at this time.

ISSUE 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?**

FIPUG: 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 including proper credits for non-firm service.

ISSUE 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 coal units and NOx reduction equipment for its Anclote unit?**

FIPUG: No. It would be premature to approve cost recovery for such items at this time. The EPA's CAIR/CAMR rules face challenges that may obviate the need, in whole or in part, for such systems. Further, PEF has not otherwise properly supported its claim for recovery of the cost of these expensive pollution control systems.

Gulf Power Company

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

FIPUG: No position at this time.

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

FIPUG: 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.

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

FIPUG: No position at this time.

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

FIPUG: 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.

ISSUE 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?

FIPUG: No position at this time.

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

FIPUG: 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.

ISSUE 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?

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

ISSUE 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?

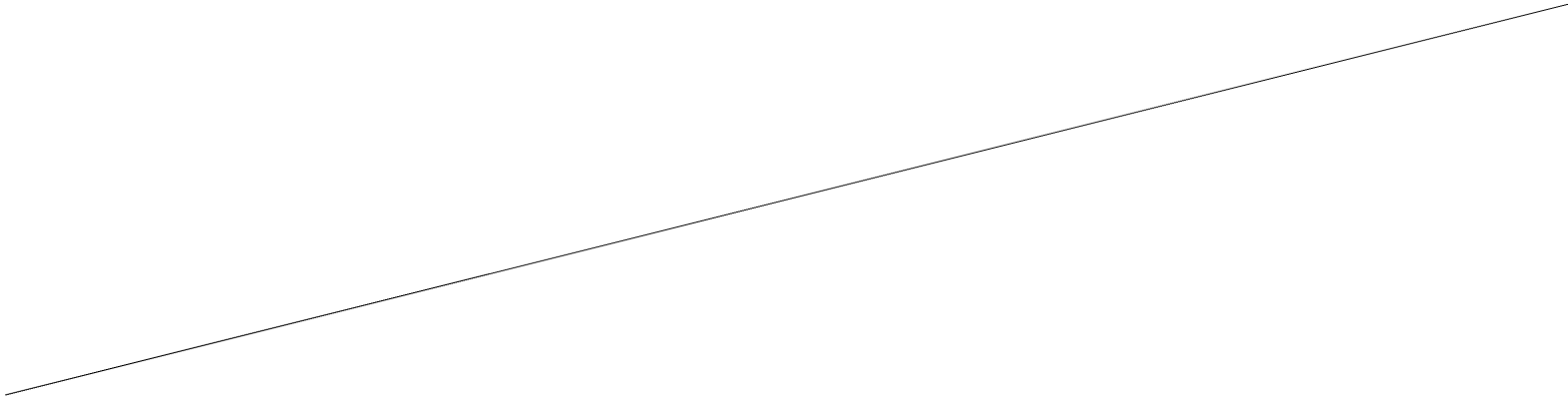
FIPUG: Agree with Staff and OPC. No. Gulf has not presented any issue for adjudication, the testimony on the Plant Smith Unit 2 electric generation facility should be stricken, and the costs, if any, for the project should be removed from the ECRC cost projections.

ISSUE 11I: Should Gulf be permitted to include its proposed Scrubber Project in its 2006 projections for the ECR clause?

FIPUG: Agree with OPC. No. Gulf has not presented any issue for adjudication, the testimony on the Plant Smith Unit 2 electric generation facility should be stricken, and the costs, if any, for the project should be removed from the ECRC cost projections.

ISSUE 11J: Should Gulf be permitted to include its proposed Plant Smith Baghouse Project in its 2006 projections for the ECR clause?

FIPUG: Agree with 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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Tampa Electric Company (TECo)

FIPUG: No TECo specific issues were identified in the parties' preliminary issue lists; however, FIPUG reserves the right to take a position on any subsequent issues raised by any party.

F. STIPULATED ISSUES:

None at this time.

G. PENDING MOTIONS OR OTHER MATTERS:

FIPUG has no pending motions.

H. PENDING CLAIMS OF CONFIDENTIALITY:

FIPUG has no pending confidentiality claims.

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

FIPUG has not at this time identified any portion of the procedural order that cannot be complied with.

s/ Timothy J. Perry
John W. McWhirter, Esq.
McWhirter, Reeves & Davidson, P.A.
400 North Tampa Street, Suite 2450
Tampa, Florida 33602
Telephone: (813) 224-0866
Telecopier: (813) 221-1854
jmcwhirter@mac-law.com

Timothy J. Perry, Esq.
McWhirter, Reeves & Davidson, P.A.
117 South Gadsden Street
Tallahassee, Florida 32301
(850) 222-2525 (telephone)
(850) 222-5606 (fax)
tperry@mac-law.com

Attorneys for the Florida Industrial Power Users Group

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing The Florida Industrial Power Users Group's Prehearing Statement has been furnished by E-mail and U.S. Mail this 14th day of October 2005, to the following:

Marlene Stern
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Harold McLean
Charles Beck
Joseph A. McGlothlin
Patricia A. Christensen
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, Florida 32399

John T. Butler
Squire, Sanders and Dempsey
200 S. Biscayne Boulevard
Suite 4000
Miami, Florida 33131-2398

Lee L. Willis
James D. Beasley
Ausley & McMullen
227 S. Calhoun Street
Tallahassee, Florida 32302

Norman H. Horton
Messer, Caparello & Self
215 South Monroe Street
Suite 701
Tallahassee, Florida 32302

Alex Glenn
Progress Energy Florida, Inc.
100 Central Avenue, Suite CX1D
St. Petersburg, Florida 33701

Jeffrey A. Stone
Russell Badders
Beggs & Lane
Post Office Box 12950
Pensacola, Florida 32591

John T. English
Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, Florida 33402

R. Wade Litchfield
Natalie Smith
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Gary V. Perko
Hopping, Green and Sams
Post Office Box 6526
Tallahassee, Florida 32314-6526

s/ Timothy J. Perry
Timothy J. Perry