

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 060007-EI
ORDER NO.
ISSUED: OCTOBER 4, 2006

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-06-0220-PCO, filed March 16, 2006 and Order No. PSC-06-0559-PCO-EI, filed June 29, 2006, the staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

None for staff

b. All Known Exhibits

None for staff at this time

c. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d. Staff's Position on the Issues

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period ending December 31, 2005?

POSITION: FPL: \$2,642,893 over-recovery
PEF: \$237,170 under-recovery
TECO: \$23,609,173 under-recovery
GULF: \$1,659,043 Over-recovery

ISSUE 2: What are the estimated environmental cost recovery true-up amounts for the period January 2006 through December 2006?

POSITION: FPL: \$13,409,744 over-recovery
PEF: \$16,770,170 under-recovery
TECO: \$58,347,173 over-recovery
GULF: \$2,847,720 over-recovery

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ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2007 through December 2007?

POSITION: FPL: No position pending resolution of company specific issues.
PEF: No position pending resolution of company specific issues.
TECO: No position pending resolution of company specific issues.
GULF: No position pending resolution of company specific issues.

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

POSITION: FPL: No position at this time.
PEF: No position at this time.
TECO: No position at this time.
GULF: 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 2007 through December 2007?

POSITION: 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.

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2007 through December 2007?

POSITION: FPL: Agree with Company
PEF: Agree with Company
TECO: Agree with Company
GULF: Agree with Company

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2007 through December 2007 for each rate group?

POSITION: The factors are a mathematical 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 resulting factors in the Order.

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

POSITION: The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2007 through December 2007. Billing cycles may start before January 1, 2007 and the last cycle may be read after December 31, 2007, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

COMPANY-SPECIFIC ISSUES

FLORIDA POWER & LIGHT COMPANY (FPL)

ISSUE 9 A: Should the Commission approve FPL's request for recovery of compliance costs relating to the Clean Air Mercury Rule as a project that qualifies for recovery through the ECRC?

POSITION: No position at this time.

ISSUE 9 B: Should the Commission approve the inclusion of Turkey Point unit 5 as part of FPL's previously approved Selective Catalytic Reduction Consumables project?

POSITION: No position pending receipt of discovery

ISSUE 9 C: Are FPL's Legal Expenses challenging implementation of the CAIR rule included in base rates?

POSITION: No position pending review of discovery.

PROGRESS ENERGY FLORIDA, INC. (PEF)

ISSUE 10: Should the Commission approve inclusion of the costs in the 2007 ECRC factors of PEF's Modular Cooling Tower Project subject to refund including interest pending resolution of Docket No. 060162-EI?

POSITION: Yes, this is appropriate pending resolution of Docket No. 050958-EI.

TAMPA ELECTRIC COMPANY (TECO)

ISSUE 11: Should the Commission approve inclusion of the costs in the 2007 ECRC factors of TECO's Flue Gas Desulphurization Reliability Project subject to refund including interest pending resolution of Docket No. 050958-EI?

POSITION: Yes, this is appropriate pending resolution of Docket No. 060162-EI.

GULF POWER COMPANY (GULF)

ISSUE 12 A: Should the Commission approve Gulf's request for recovery of compliance costs relating to the Clean Air Interstate Rule and the Clean Air Mercury Rule as a project that qualifies for recovery through the ECRC?

POSITION: No position at this time.

ISSUE 12 B: Should the Commission approve Gulf's request for recovery of its General water sampling quality boat as a project that qualifies for recovery through the ECRC?

POSITION: No position pending receipt of discovery.

e. Pending Motions

The following motions are pending:

PEF Motion for Temporary Protective Order for DN 02883-06;
PEF Motion for Temporary Protective Order for certain responses to OPC's 1st request for Production of Documents;
FPL Motion for Temporary Protective Order for certain responses to OPC's 1st request for Production of Documents.

f. Pending Confidentiality Claims or Requests

The following requests for confidentiality are pending:


PEF request for DN 02883-06;
FPL 1st request for extension of confidentiality for DN03931-06;
FPL request for DN 06062-06;

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g. Compliance with Order No. Order No. PSC-06-0220-PCO and Order No. PSC-06-0559-PCO-EI.

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 4th day of October, 2006.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Staff's Prehearing Statement has been furnished by U. S. Mail this 4th day of October 2006, to the following:

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CERTIFICATE OF SERVICE STAFF'S PREHEARING STATEMENT

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