

Timolyn Henry

From: Dana Greene [DanaG@hgslaw.com]
Sent: Wednesday, April 11, 2007 4:29 PM
To: Filings@psc.state.fl.us
Cc: christensen.patty@leg.state.fl.us; mcglothlin.joseph@leg.state.fl.us;
Alex.Glenn@pgnmail.com; Paul.LewisJr@pgnmail.com; Lisa Bennett; Martha Brown
Subject: Docket 060162-EI
Attachments: Docket 060162-EI - PEF's Prehearing Statement.DOC



Docket
52-EI - PEF's Pr
Electronic Filing

a. Person responsible for this electronic filing:

Gary V. Perko
Hopping Green & Sams, P.A.
123 S. Calhoun Street
Tallahassee, FL 32301
850-425-2359
garyp@hgslaw.com

b. Docket No. 060162-EI

In re: Petition by Progress Energy Florida, Inc. for approval to recover modular cooling tower costs through the fuel cost recovery clause

c. Document being filed on behalf of Progress Energy Florida, Inc.

d. There are a total of 4 pages.

e. The document attached for electronic filing is Progress Energy Florida's Prehearing Statement

Thank you for your cooperation.

Dana Greene, Legal Assistant to
William H. Green, Gary V. Perko & Virginia C. Dailey Hopping Green & Sams, P.A.
123 South Calhoun Street
P.O. Box 6526
Tallahassee, Florida 32314
850-425-3437 (direct)
850-224-8551 (fax)
danag@hgslaw.com

CMP _____
COM 5 _____
CTR _____
ECR _____
GCL _____
OPC _____
RCA _____
SCR _____
SGA _____
SEC _____
OTH _____

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition by Progress Energy Florida, Inc. for approval to recover modular cooling tower costs.

DOCKET NO. 060162-EI

FILED: APRIL 11, 2007

**PROGRESS ENERGY FLORIDA'S
PREHEARING STATEMENT**

Pursuant to the requirements of the Order Establishing Procedure (Order No. PSC-06-0990-PCO-EI) issued on November 29, 2006, and the Order Revising the Order Establishing Procedure (Order No. PSC-07-0138-PCO-EI), issued on February 19, 2007, Progress Energy Florida, Inc. ("PEF") hereby submits its Prehearing Statement.

A. Known Witnesses - PEF intends to offer the direct testimony of:

<u>Witness</u>	<u>Issues</u>	<u>Subject Matter</u>
Javier Portuondo (direct and rebuttal)	1, 2	Eligibility of Project under the ECRC and Fuel Clause; fuel savings projections.
Thomas Lawery (direct)	1, 2	Overview of Modular Cooling Tower Project and its development; project costs; 2006 net fuel savings.

B. Known Exhibits - PEF intends to offer the following exhibits:

<u>Witness</u>	<u>Exhibit(s)</u>	<u>Description</u>
Javier Portuondo	JP-1	Schedule C-6 of MFRs filed in Docket No. 050078-EI
	JP-2	Schedule B-8 of MFRs filed in Docket No. 050078-EI
	JP-3 (rebuttal)	Direct testimony of Patricia Q. West filed in Docket No. 030007-EI on Aug. 8, 2003

DOCUMENT NUMBER-DATE

03093 APR 11 07

FPSC-COMMISSION CLERK

Thomas Lawery	TL-1	Comparison of Cooling Water Intake Temperatures and POD derates
	TL-2	Industrial Wastewater Facility Permit No. FL0000159
	TL-3	Cooling Water Inlet Temperatures and unit loads from 5/1/06 through 7/31/06

C. Basic Position: PEF should recover costs of the Modular Cooling Tower Project (Project) either through the Environmental Cost Recovery Clause (ECRC) or the Fuel and Purchase Power Cost Recovery Clause (Fuel Clause). Subject to prudence review and true-up in the annual cost recovery proceedings, Project costs should be included in the annual cost recover factors in accordance with prior Commission practice and precedent.

D.-F. Issues and Positions

PEF's positions on the issues identified in this proceeding are as follows:

Issue 1 What is the appropriate mechanism to recover the prudently incurred costs of Progress Energy's temporary cooling tower project?

PEF: PEF should recover costs of the Project either through the ECRC or the Fuel Clause. The Project meets the criteria for recovery under the ECRC, Section 366.8225, F.S., as interpreted in Order No. 94-0440-FOF-EI. The need for the Project was triggered by the unusually high inlet water temperatures during the summer of 2005 which required PEF to de-rate the Crystal River units in order to comply with the permit limit for the temperature of cooling water discharged from the plant. Project costs are being prudently incurred after April 13, 1993. The activity is legally required to comply with a governmentally imposed environmental regulation whose effect was triggered by the unanticipated high inlet water temperatures after PEF's last ratemaking proceeding. The costs are not being recovered through some other cost recovery mechanism or base rates.

The Project also meets the criteria for recovery of unanticipated fuel-related costs set forth in Order No. 14546 and applied in subsequent orders. The Project will result in fuel savings and Project costs were not recognized or anticipated in the cost levels used to determine current base rates. Accordingly, under the policy established in Order No. 14546, recovery of reasonably and prudently incurred costs for the project is appropriate through the Fuel Clause.

Issue 2 How should the Commission's decision on Issue 1 be implemented?

PEF: Subject to prudence review and true-up in the annual cost recovery proceedings, Project costs should be included in the annual cost recover factors in accordance with prior Commission practice and precedent.

G. Stipulated Issues

PEF is not a party to any stipulations at this time.

H. Pending Motions

PEF has no pending motions.

I. Requests for Confidentiality

PEF has no pending requests for confidentiality.

J. Requirements of Order

PEF believes that this prehearing statement complies with all the requirements of the Order Establishing Procedure.

K. Objections to Qualifications

PEF objects to the qualifications of OPC witness Thomas Hewson (or John Stamberg if he is substituted for Mr. Hewson as indicated by counsel for OPC) to the extent he is being offered as an expert regarding the interpretation of Commission statutes, rules and/or orders on grounds that the testimony offered by OPC in this proceeding fails to provide any expertise for the witness in these areas and the witness otherwise does not appear to have any specialized knowledge, experience, training or education that would qualify him as an expert in such areas.

RESPECTFULLY SUBMITTED this 11th day of April, 2007

R. Alexander Glenn
Florida Bar No. 0097896
Deputy General Counsel
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, FL 33733
alex.glenn@pgnmail.com

/s/ Gary V. Perko
Gary V. Perko
Florida Bar No. 855898
Virginia C. Dailey
Florida Bar. No. 419168
Hopping Green & Sams, P.A.
Post Office Box 6526
Tallahassee, FL 32314
garyp@hgslaw.com
virginiad@hgslaw.com
Tel.: 850-425-2359; Fax: 850-224-8551

Attorneys for Progress Energy Florida

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement in Docket No. 060162-EI has been furnished electronically to the following this 11th day of April, 2007.

Lisa C. Bennett
Martha Carter Brown
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

R. Alexander Glenn
Deputy General Counsel - Florida
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733

Joseph McGlothlin, Esq.
Office of Public Counsel
111 W. Madison Street, Room 812
Tallahassee, Florida 32399-1400

Paul Lewis, Jr.
Progress Energy Florida, Inc.
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740

/s/ Gary V. Perko
Attorney