

**Ruth Nettles**

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**Subject:** Docket No. 070007-EI -- Florida Power & Light Company 's Prehearing Statement  
**Attachments:** 2007 ECRC prehearing statement.doc

**a. Person responsible for this electronic filing:**

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**b. Docket No. 070007-EI**

**c. The document is being filed on behalf of Florida Power & Light Company.**

**d. There are 9 pages total.**

**e. The document attached for electronic filing is Florida Power & Light Company's Prehearing Statement.**

*(See attached file: 2007 ECRC prehearing statement.doc)*

DOCUMENT NUMBER-DATE

09147 OCT-5 8

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

IN RE: Environmental Cost )  
Recovery Clause )  
\_\_\_\_\_ )

DOCKET NO. 070007-EI  
DATED: October 5, 2007

**FLORIDA POWER & LIGHT COMPANY'S  
PREHEARING STATEMENT**

Pursuant to Order No. PSC-07-0174-PCO-EI, issued February 23, 2007 establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

**A. APPEARANCES**

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**B. WITNESSES**

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
K.M. DUBIN	ECRC Final True-up for January through December 2006	1
K.M. DUBIN	ECRC Estimated/Actual True-up for January through December 2007	2

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FPSC-COMMISSION CLERK

K.M. DUBIN	ECRC Projections and Factors for January through December 2008	3 - 8
R.R. LABAUVE	Recovery of St. Lucie Cooling Water System Inspection and Maintenance Program	9A
K.M. DUBIN	Allocation of St. Lucie Cooling Water System Inspection and Maintenance Program Costs	9B
R.R. LABAUVE	Recovery of Martin Plant Drinking Water System Compliance Project	9C
K.M. DUBIN	Allocation of Martin Plant Drinking Water System Compliance Project Costs	9D
R.R. LABAUVE	Recovery of Low Level Radioactive Waste Storage Project	9E
K.M. DUBIN	Allocation of Low Level Radioactive Waste Storage Project Costs	9F
R.R. LABAUVE	CAIR and CAMR Projections reflected in March 30, 2007 Supplemental Filing	9G

C. **EXHIBITS**

<b><u>EXHIBITS</u></b>	<b><u>WITNESS</u></b>	<b><u>DESCRIPTION</u></b>
(KMD-1)	K.M. DUBIN	Appendix I Environmental Cost Recovery Final True-up January - December 2006 Commission Forms 42 - 1A through 42 - 8A
(KMD-2)	K.M. DUBIN	Appendix I Environmental Cost Recovery Estimated/Actual Period January- December 2007 Commission Forms 42-1E through 42-8E
(KMD-3)	K.M. DUBIN	Appendix I Environmental Cost Recovery Projections January - December 2008

Commission Forms 42-1P through 42-7P  
and revised 2007 Estimated/Actual True-up  
Amount

- |          |              |  |
|----------|--------------|--|
| (RRL-1)  | R.R. LABAUVE | Florida Department of Environmental<br>Protection Rule 62.550.310, Florida<br>Administrative Code – Primary Drinking<br>Water Standards: Maximum Contaminant<br>Levels and Maximum Residual Disinfectant<br>Levels |
| (RRL-2)  | R.R. LABAUVE | Consent Order in OGC Case Number 06-<br>0744 FPL Martin Plant Public Water System<br>PWS #4431748  |
| (RRL-3)  | R.R. LABAUVE | Golder Associates Inc. FPL Martin Plant<br>Potable Water System DBP (THM &<br>HAA5) Analysis   |
| (RRL-4)  | R.R. LABAUVE | Department of Environmental Protection –<br>Letter approving Corrective Action Plan for<br>FPL Martin Plant PWS #4432748   |
| (RRL-5)  | R.R. LABAUVE | Clean Air Interstate Rule – Summary of FPL<br>800 MW Unit Cycling Project  |
| (RRL-6)  | R.R. LABAUVE | Clean Air Interstate Rule – Summary of FPL<br>Peaking Gas Turbine CEMS   |
| (RRL-7)  | R.R. LABAUVE | Clean Air Visibility Rule – Update<br>Summary of FPL BART Project  |
| (RRL-8)  | R.R. LABAUVE | Clean Air Visibility Rule – Florida<br>Department of Environmental Protection –<br>Reasonable Progress Rule Workshop Slides  |
| (RRL-9)  | R.R. LABAUVE | 10 CFR Part 20, Subpart K – Nuclear<br>Regulatory Commission – Waste Disposal  |
| (RRL-10) | R.R. LABAUVE | South Carolina State Statutes – Title 48 –<br>Environmental Protection and Conservation,<br>Chapter 46 – Atlantic Interstate Low-Level<br>Radioactive Waste Compact Implementation<br>Act                          |

**D. STATEMENT OF BASIC POSITION**

None necessary

**E. STATEMENT OF ISSUES AND POSITIONS**

**GENERIC ENVIRONMENTAL COST RECOVERY ISSUES**

**ISSUE 1:** What are the final environmental cost recovery true-up amounts for the period ending December 31, 2006?

**FPL:** \$1,563,849 over-recovery including interest. (DUBIN)

**ISSUE 2:** What are the estimated environmental cost recovery true-up amounts for the period January 2007 through December 2007?

**FPL:** \$585,826 under-recovery including interest. (DUBIN)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2008 through December 2008?

**FPL:** \$44,712,161 (DUBIN)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2008 through December 2008?

**FPL:** The total environmental cost recovery amount, adjusted for prior period true-ups and revenue taxes, is \$43,765,627. (DUBIN)

**ISSUE 5:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts for the period January 2008 through December 2008?

**FPL:** 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 as approved by the FPSC. (DUBIN)

**ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2008 through December 2008?

**FPL:** Energy Jurisdictional Factor 98.58121%

CP Demand Jurisdictional Factor 98.76048%  
 GCP Demand Jurisdictional Factor 100.00000% (DUBIN)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2008 through December 2008 for each rate group?

<b>FPL:</b>	Rate Class	Environmental Recovery Factor (\$/kWh)
	RS-1/RST1	0.00040
	GS-1/GST1/WIES1	0.00040
	GSD1/GSDT1/HLFT1(21-499 kW)	0.00038
	OS2	0.00042
	GSLD1/GSLDT1/CS1/CST1/ HLFT2 (500-1,999 kW)	0.00038
	GSLD2/GSLDT2/CS2/CST2/ HLFT3 (2,000 +)	0.00035
	GSLD3/GSLDT3/CS3/CST3	0.00034
	ISST1D	0.00036
	ISST1T	0.00031
	SST1T	0.00031
	SST1D1/SST1D2/SST1D3	0.00036
	CILC D/CILC G	0.00035
	CILC T	0.00034
	MET	0.00039
	OL1/SL1/PL1	0.00029
	SL2/GSCU-1	0.00032

(DUBIN)

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

**FPL:** The new environmental cost recovery factors should become effective with customer bills for January 2008 through December 2008 (cycle day 3 through cycle day 2). Billing cycles may start before January 1, 2008, and the last cycle may be read after December 31, 2008, so that each customer is billed for twelve consecutive months regardless of when the adjustment factor became effective.  
 (DUBIN)

**COMPANY SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES**

**ISSUE 9A:** Should the Commission approve FPL's request for recovery of its proposed St. Lucie Cooling Water System Inspection and Maintenance Project through the ECRC?

**FPL:** Yes. FPL must inspect and, as necessary, maintain the cooling water system at the St. Lucie Plant so that it remains in compliance with the federal Endangered Species Act, 16 U.S.C. Section 1531. (LABAUVE)

**ISSUE 9B:** How should the projected environmental costs for the St. Lucie Cooling Water System Inspection and Maintenance Project be allocated to the rate classes?

**FPL:** Capital costs for the St. Lucie Cooling Water System Inspection and Maintenance Project should be allocated to the rate classes on an average 12 CP demand and 1/13<sup>th</sup> energy basis. Operating and maintenance costs should be allocated to the rate classes on an average 12 CP demand basis. (DUBIN)

**ISSUE 9C:** Should the Commission approve FPL's request for recovery of its proposed Martin Plant Drinking Water System Compliance Project through the ECRC?

**FPL:** Yes. The Consent Order entered into by FPL and the Florida Department of Environmental Protection (FDEP) on September 22, 2006 requires FPL to implement a corrective action plan at the Martin Plant, which involves the implementation of a pilot test plan to determine the most cost-effective method to achieve compliance of levels of four certain trihalomethanes (THMs) and haloacetic acids (HAA5s) in the drinking water system. (LABAUVE)

**ISSUE 9D:** How should the projected environmental costs for the Martin Plant Drinking Water System Compliance Project be allocated to the rate classes?

**FPL:** Capital costs for the Martin Plant Drinking Water System Compliance Project should be allocated to the rate classes on an average 12 CP demand and 1/13<sup>th</sup> energy basis. Operating and maintenance costs should be allocated to the rate classes on an average 12 CP demand basis. (DUBIN)

**ISSUE 9E:** Should the Commission approve FPL's request for recovery of its proposed Low Level Radioactive Waste Storage Project through the ECRC?

**FPL:** Yes. The Low Level Radioactive Waste Storage Project is required due to the Nuclear Regulatory Commission's (NRC) requirements and restrictions on how low level radioactive (LLW) waste may be disposed of, combined with FPL's loss of access to the LLW disposal facility in Barnwell South Carolina as a result of new provisions of South Carolina law that take effect on June 30, 2008. (LABAUVE)

**ISSUE 9F:** How should the projected environmental costs for the Low Level Radioactive Waste Storage Project be allocated to the rate classes?

**FPL:** Capital costs for the Low Level Radioactive Waste Storage Project should be allocated to the rate classes on an average 12 CP demand and 1/13<sup>th</sup> energy basis. Operating and maintenance costs should be allocated to the rate classes on a 71% average 12 CP demand and 29% energy basis. (DUBIN)

**ISSUE 9G:** Are the projected costs for FPL's Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) compliance projects that are reflected in FPL's March 30, 2007 supplemental filing reasonable and prudent?

**FPL:** Yes. FPL's supplemental filing explained that FPL has carefully evaluated its compliance options under CAIR and CAMR and determined that the projected activities and costs reflected in that filing represent the most cost-effective means of meeting FPL's compliance obligations. No party gave notice of objections to any of those projected activities or costs by the end of the second quarter of 2007 as they were required to do by the stipulation approved in Order No. PSC-06-0972-FOF-EI, Docket No. 060007-EI, dated November 22, 2006 (nor has FPL been notified of any such objection up to the date of this Preliminary List of Issues and Positions). Accordingly, the projected activities and costs reflected in the supplemental filing should be approved as reasonable and prudent. (LABAUVE)

**F. STATEMENT OF POLICY ISSUES AND POSITIONS**

**FPL:** None at this time

**G. STIPULATED ISSUES**

**FPL:** None at this time.

**H. PENDING MOTIONS**

FPL has no pending motions at this time.

**I. PENDING REQUEST FOR CONFIDENTIALITY**

FPL has no requests for confidentiality pending at this time.

**J. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT**

**FPL:** None at this time.

**I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

There are no requirements of the Order Establishing Procedure with which FPL cannot comply.



Respectfully submitted,

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By: /s/ John T. Butler  
John T. Butler  
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**CERTIFICATE OF SERVICE**  
**Docket No. 070007-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished electronically this 5<sup>th</sup> day of October, 2007 to the following:

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