

Eric Fryson

From: Gary Perko [GaryP@hgslaw.com]
Sent: Friday, October 05, 2012 1:33 PM
To: Filings@psc.state.fl.us
Cc: Charles Murphy; James D. Beasley; Burnett, John; Triplett, Dianne; Butler, John; wade.litchfield@fpl.com; jas@beggsllane.com; samuel.miller@tyndall.af.mil; Paula K. Brown; Lewis Jr, Paul; rmiller@pcsphosphate.com; Susan D. Ritenour; vkaufman@moylelaw.com; Jon C. Moyle, Jr.; J.R. Kelly; Charles Rehwinkel
Subject: Docket No. 120007-EI - PEF Prehearing Statement
Attachments: 120007 PEF Prehearing Statment.pdf

Electronic Filing

a. Person responsible for this electronic filing:

Gary V. Perko
Hopping Green & Sams, P.A.
119 South Monroe Street
Suite 300
Tallahassee, FL 32301
(850) 425-2359
gperko@hgslaw.com

b. Docket No. 120007-EI

In re: Environmental Cost Recovery Clause

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

d. There is a total of 7 pages.

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

Thank you for your cooperation.

Gary V. Perko
Hopping Green & Sams, P.A.
119 S. Monroe Street, Ste. 300 (32301)
P.O. Box 6526
Tallahassee, Florida 32314
850-425-2359 (direct)
850-224-8551 (fax)
gperko@hgslaw.com

DOCUMENT NUMBER-DATE

06793 OCT-5 2012

FPSC-COMMISSION CLERK

10/5/2012

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery
Clause.

DOCKET NO. 120007-EI

FILED: OCTOBER 5, 2012

**PROGRESS ENERGY FLORIDA INC.'S
PREHEARING STATEMENT**

Pursuant to the requirements of the Order Establishing Procedure (Order No. PSC- PSC-12-0060-PCO-EI as amended by Order No. PSC-12-0060A-PCO-EI), 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>Proffered By</u>	<u>Issue(s)</u>
Will Garrett	Final True-up	1
Corey Ziegler	Final and Estimated True-up variances; and Environmental compliance cost projections	1-3
Patricia Q. West	Final and Estimated True-up variances; Environmental compliance cost projections; and Review of PEF's Integrated Clean Air Compliance Plan	1-3, 10A
Jeff Swartz	Final and Estimated True-up variances and cost projections for Crystal River air pollution control projects	1-3, 10A
Joel Moran	Scope of Anclote Gas Conversion Project and 2012 Project Costs	2
George Hixon	Scope of Anclote Gas Conversion Project and 2013 Project Costs	3
Thomas G. Foster	Estimated True-up; Environmental compliance cost projections and Final 2013 ECRC Factors	2-8

DOCUMENT NUMBER-DATE

06793 OCT-5 2012

FPSC-COMMISSION CLERK

PROGRESS ENERGY FLORIDA'S
 PREHEARING STATEMENT
 DOCKET NO. 120007-EI
 Page 2

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

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Will Garrett	PEF	(WG-1)	PSC Forms 42-1A through 42-8A January 2011 – December 2011
		(WG-2)	Capital Program Detail January 2011 – December 2011
Patricia Q. West	PEF	(PQW-1)	Review of Integrated Clean Air Compliance Plan
		(PQW-2)	Letter re: Progress Energy Florida's NPDES Renewal Program and associated Administrative Order Filed on February 8, 2012;
		(PQW-3)	Verified Petition to Modify Scope of Existing Environmental Program that PEF filed on March 29, 2012
		(PQW-4)	Letter re: Progress Energy Florida's Integrated Clean Air Compliance Plan filed on May 14, 2012
Corey Zeigler	PEF	(TGF-3)	Form 42-5P, pages 3 of 20, 4 of 20, 5 of 20, 6 of 20, 7 of 20, 8 of 20, 9 of 20, 11 of 20, 12 of 20, 13 of 20, 14 of 20, 15 of 20, 16 of 20, 17 of 20, and 18 of 20, 19 of 20, and 20 of 20
		(TGF-3)	Form 42-5P, pages 1 of 20, 2 of 20, and 10 of 20
Jeff Swartz	PEF	(JS-1)	Crystal River Project Organizational Structure
		(TGF-3)	Form 42-5P page 7 of 20

PROGRESS ENERGY FLORIDA'S
 PRELIMINARY LIST OF ISSUES & POSITIONS
 DOCKET NO. 120007-EI
 Page 3

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
George Hixon	PEF	(TGF-3)	Form 42-5P page 20 of 20
Thomas G. Foster	PEF	(TGF-1)	PSC Forms 42-1E through 42-9E January 2012 – December 2012
		(TGF-2)	Capital Program Detail January 2012 – December 2012
		(TGF-3)	PSC Forms 42-1P through 42-8P January 2013– December 2013
		(TGF-4)	Capital Program Detail January 2013 – December 2013

PEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

C. **Statement of Basic Position** – none necessary.

D.-F. **Issues and Positions**

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

Issue 1 What are the final environmental cost recovery true-up amounts for the period January 2011 through December 31, 2011?

PEF: \$1,688,551 under-recovery (Garrett)

Issue 2 What are the estimated/actual environmental cost recovery true-up amounts for the period January 2012 through December 2012?

PEF: \$14,632,974 over-recovery (Foster, Zeigler, West, Swartz)

Issue 3 What are the projected environmental cost recovery amounts for the period January 2013 through December 2013?

PEF: \$199,023,937 (Foster, Zeigler, West, Swartz, Hixon)

Issue 4 What are the environmental cost recovery amounts, including true-up amounts, for the period January 2013 through December 2013?

PEF: \$186,079,515 (Foster)

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 2013 through December 2013?

PEF: The depreciation rates used to calculate depreciation expense should be the rates in effect during the period the allowed capital investment is in service. However, consistent with the timeframe the Anclote Gas Conversion project was evaluated over, this investment should be depreciated over 5 years. (Foster)

Issue 6 What are the appropriate jurisdictional separation factors for the projected period January 2013 through December 2013?

PEF: The jurisdictional energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.

Transmission Average 12 CP demand jurisdictional factor –70.203%

Distribution Primary demand jurisdictional factor – 99.561%

Production Demand jurisdictional factors:

Production Base – 92.885%

Production Intermediate – 72.703%

Production Peaking – 95.924%

Production A&G – 93.221%

(Foster)

Issue 7 What are the appropriate environmental cost recovery factors for the period January 2013 through December 2013 for each rate group?

PEF: The appropriate factors are as follows (Foster):

Rate Class	ECRC Factors 12CP & 1/13 AD
Residential	0.503 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.500 cents/kWh
@ Primary Voltage	0.495 cents/kWh
@ Transmission Voltage	0.490 cents/kWh
General Service 100% Load Factor	0.494 cents/kWh
General Service Demand	
@ Secondary Voltage	0.495 cents/kWh
@ Primary Voltage	0.490 cents/kWh
@ Transmission Voltage	0.485 cents/kWh

PROGRESS ENERGY FLORIDA'S
 PRELIMINARY LIST OF ISSUES & POSITIONS
 DOCKET NO. 120007-EI
 Page 5

Curtailable	
@ Secondary Voltage	0.495 cents/kWh
@ Primary Voltage	0.490 cents/kWh
@ Transmission Voltage	0.485 cents/kWh
Interruptible	
@ Secondary Voltage	0.483 cents/kWh
@ Primary Voltage	0.478 cents/kWh
@ Transmission Voltage	0.473 cents/kWh
Lighting	0.485 cents/kWh

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

PEF: The new factors should be effective beginning with the first billing cycle for January 2013, and thereafter through the last billing cycle for December 2013. The first billing cycle may start before January 1, 2013, and the last billing cycle may end after December 31, 2013, so long as each customer is billed for twelve months regardless of when the factors became effective. (Foster)

Company Specific Environmental Cost Recovery Issues

Issue 10A Should the Commission approve PEF's Review of Integrated Clean Air Compliance Plan as reasonable?

PEF: Yes. PEF's Integrated Clean Air Compliance Plan is reasonable and prudent and will have the desired effect of achieving timely compliance with the applicable regulations in a cost-effective manner. All of the major components of the Crystal River Unit 4 and 5 control projects included in PEF's Integrated Clean Air Compliance Plan have been completed. PEF is continuing to evaluate future compliance options in light of EPA's recently remanded Cross-State Air Pollution Rule (CSAPR), finalized Mercury & Air Toxics Standards (MATS), and other regulatory developments affecting fossil fuel-fired generating units. (West, Swartz)

G. Stipulated Issues

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

H. Pending Motions

PEF has no pending motions at this time.

I. Requests for Confidentiality

PEF has two pending requests for confidential classification filed on May 30, 2012 [for DN 03462-12] and September 13, 2012 [for DN 06171-12].

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 has no objection to the qualifications of any expert witnesses in this proceeding.

RESPECTFULLY SUBMITTED this 5th day of October, 2012.

John T. Burnett
Associate General Counsel
Dianne M. Triplett
Associate General Counsel
PROGRESS ENERGY SERVICE
COMPANY, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042

HOPPING GREEN & SAMS, P.A.

By: //Gary V. Perko
Gary V. Perko
119 S. Monroe St., Ste. 300 (32301)
P.O. Box 6526
Tallahassee, FL 32314
gperko@hgslaw.com
Tel.: (850) 425-2359
Fax: (850) 224-8551

Attorneys for Progress Energy Florida, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 5th day of October, 2012 to all parties of record as indicated below.

//Gary V. Perko

GARY V. PERKO

<p>Charles Murphy, Esquire* Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850 cmurphy@psc.state.fl.us</p> <p>James D. Beasley, Esquire Jeffrey Wahlen, Esquire Ausley & McMullen Law Firm Post Office Box 391 Tallahassee, Florida 32302 jbeasley@ausley.com</p> <p>John T. Butler, Esquire Florida Power & Light Co. 700 Universe Boulevard Juno Beach, Florida 33408 John.butler@fpl.com</p> <p>Ken Hoffman, Esquire Florida Power & Light 215 S. Monroe Street, Suite 810 Tallahassee, Florida 32301-1859 Wade.litchfield@fpl.com</p> <p>Jeffrey A. Stone, Esquire Russell A. Badders, Esquire Steven R. Griffin, Esquire Beggs & Lane Law Firm Post Office Box 12950 Pensacola, Florida 32591 jas@beggslane.com rab@beggslane.com; srg@beggslane.com</p> <p>Ms. Paula K. Brown Tampa Electric Company Post Office Box 111 Tampa, Florida 33601 regdept@tecoenergy.com</p> <p>Capt Samuel Miller c/o AFLSA/JACL-ULT 139 Barnes Drive, Suite 1 Tyndall AFB, Florida 32403-5319 samuel.miller@tyndall.af.mil</p>	<p>J.R. Kelly / Charles Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, #812 Tallahassee, Florida 32399 Kelly.jr@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us</p> <p>Mr. James W. Brew, Esquire c/o Brickfield Law Firm 8th Floor, West Tower 1025 Thomas Jefferson St., NW Washington, DC 20007 jbrew@bbrslaw.com</p> <p>Keefe Law Firm Vicki Gordon Kaufman, Esquire Jon C. Moyle, Jr., Esquire 118 North Gadsden Street Tallahassee, Florida 32301 vkaufman@moylelaw.com jmoyle@moylelaw.com</p> <p>Ms. Susan D. Ritenour Gulf Power Company One Energy Place Pensacola, Florida 32520-0780 sdriteno@southernco.com</p> <p>White Springs Agricultural Chemicals Post Office Box 300 White Springs, Florida 32096 Rmiller@pcsphosphate.com</p> <p>R. Alexander Glenn / John Burnett/Dianne Triplett Post Office Box 14042 St. Petersburg, Florida 33733 John.burnett@pgnmail.com Dianne.triplett@pgnmail.com</p> <p>Paul Lewis, Jr. 106 E. College Ave., Suite 800 Tallahassee, Florida 32301 Paul.lewisjr@pgnmail.com</p>
--	--