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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Environmental Cost ) DOCKET NO. 950007-EI  
Recovery Clause )  
\_\_\_\_\_ ) FILED: FEBRUARY 13, 1995

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-95-0076-PCO-EI the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

None at this time. Staff will soon file a Notice of Withdrawal of Prefiled Testimony of Michael Buckley. Gulf has agreed to stipulate Mr. Buckley's audit report into the record.

b. All Known Exhibits

Staff audit report

c. Staff's Statement of Basic Position

None.

d. Staff's Position on the Issues

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.

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AFA \_\_\_\_\_  
APP \_\_\_\_\_  
COP \_\_\_\_\_  
GULF \_\_\_\_\_  
CTR \_\_\_\_\_  
EPL \_\_\_\_\_  
LRT \_\_\_\_\_  
LIT \_\_\_\_\_  
REC \_\_\_\_\_  
SEC / \_\_\_\_\_  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

ISSUE 1: What are the appropriate final environmental cost recovery true-up amounts for the period ending September 30, 1994?

POSITION: FPL: \$111,561 overrecovery for the period including interest.

GULF: No position at this time pending the resolution of other issues.

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FPSC-RECORDS/REPORTING

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**ISSUE 2:** What are the estimated environmental cost recovery true-up amounts for the period October, 1994 through March, 1995?

**POSITION:** FPL: \$351,379 overrecovery for the period including interest.

GULF: No position at this time pending the resolution of other issues.

**ISSUE 3:** What are the total environmental cost recovery true-up amounts to be collected during the period April, 1995 through September, 1995?

**POSITION:** FPL: \$462,940 overrecovery for the period including interest.

GULF: No position at this time pending the resolution of other issues.

**ISSUE 4:** What are the appropriate projected environmental cost recovery amounts for the period April, 1995 through September, 1995?

**POSITION:** FPL: \$3,956,201

GULF: No position at this time pending the resolution of other issues.

**ISSUE 5:** What should be the effective date of the new environmental cost recovery factors for billing purposes?

**POSITION:** The factor should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period April, 1995 through September, 1995. Billing cycles may start before April 1, 1995, and the last cycle may be read after September 30, 1995, so that each customer is billed for six months regardless of when the adjustment factor became effective.

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**ISSUE 6:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected during the period April, 1995 through September, 1995?

**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 7:** How should the newly proposed environmental costs be allocated to the rate classes?

**POSITION:** FPL: The costs of the Continuous Emission Monitoring Systems Operation and Maintenance project should be allocated on an energy basis.

FPL: The costs of the Resource Conservation and Recovery Act (RCRA) Corrective Action Operation and Maintenance project should be allocated on a demand basis.

GULF: The allocation of dismantlement associated with ECRC investments should be based on the allocation of the ECRC investments.

GULF: The costs of the Clean Air Act Amendments of 1990, Title V Permit Operation and Maintenance activity should be allocated on an energy basis.

GULF: The costs of the Plant Daniel Groundwater Monitoring Program associated with the closure of the Plant Daniel Ash Pond activity should be allocated on a demand basis.

**ISSUE 8:** What are the appropriate Environmental Cost Recovery Factors for the period April, 1995 through September, 1995 for each rate group?

<b>POSITION:</b>	FPL:	<u>Rate Class</u>	<u>ECRC Factor (\$/KWH)</u>
		RS1	0.00010
		GS1	0.00010
		GSD1	0.00010
		OS2	0.00009
		GSLD1/CS1	0.00010
		GSLD2/CS2	0.00009
		GSLD3/CS3	0.00009

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ISST1D	0.00010
SST1T	0.00009
SST1D	0.00009
CILC D/CILC G	0.00009
CILC T	0.00009
MET	0.00010
OL1/SL1	0.00008
SL2	0.00009

GULF: No position at this time pending the resolution of other issues.

**COMPANY - SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES**

Gulf Power Company

**ISSUE 9A:** Should the Commission approve Gulf Power Company's request to recover the cost for dismantlement associated with ECRC investments through the Environmental Cost Recovery Clause?

**POSITION:** Staff is willing to defer this issue until the August hearing to allow for testimony from all parties on the appropriate methodology for determining the projected dismantlement amounts, if any, to be included in the clause. During the August proceedings, if the Commission decides dismantlement costs are not recoverable through the clause, Gulf should refund all amounts included in its calculation of the ECRC over/under recovery since the inception of the clause, with interest.

**ISSUE 9B:** Should the Commission approve Gulf Power Company's request to recover the cost for the Title V Permit Operation and Maintenance activity through the Environmental Cost Recovery Clause?

**POSITION:** Yes. This activity is a requirement of the Clean Air Act Amendments of 1990. All expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism and were not considered at the time of Gulf Power Company's last rate case.

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**ISSUE 9C:** Should the Commission approve Gulf Power Company's request to recover the cost for the Plant Daniel Groundwater Monitoring Program through the Environmental Cost Recovery Clause?

**POSITION:** Yes. This activity is a requirement of the Mississippi Department of Environmental Quality associated with the closure of the Plant Daniel Ash Pond. All expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism and were not considered at the time of Gulf Power Company's last rate case.

**ISSUE 9D:** Should Gulf Power Company be allowed to recover the cost of meals through the environmental cost recovery clause?

**POSITION:** Only the meal costs incurred for an employee's own consumption while traveling on environmental cost recovery clause business should be charged to ECRC accounts and recovered through the ECRC. Any meal costs incurred for employees of other companies, and any meal costs incurred in connection with meetings held at local restaurants as a matter of convenience, should not be recovered through the ECRC. Gulf Power Company should make the necessary adjustments to remove the costs of meals previously charged to ECRC accounts that do not comply with the above stated policy.

Florida Power & Light Company

**ISSUE 10A:** Should the Commission approve Florida Power & Light Company's request to recover the cost for the Resource Conservation and Recovery Act (RCRA) Corrective Action Operation and Maintenance project through the Environmental Cost Recovery Clause?

**POSITION:** Yes. The expenses are required to comply with the RCRA Facility Assessments and other activities associated with the RCRA Corrective Action process. All expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism and were not considered at the time of Florida Power & Light Company's last rate case.

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**ISSUE 10B:** Should the Commission approve Florida Power & Light Company's request to recover the cost for the Continuous Emission Monitoring Systems Operation and Maintenance activity?

**POSITION:** Yes. This activity is associated with the Continuous Emission Monitoring Systems capital investments already included in the ECRC and is required to comply with the Clean Air Act Amendments of 1990. All expenses were incurred after April 13, 1993, are not being recovered in any other cost recovery mechanism and were not considered at the time of Florida Power & Light Company's last rate case.

e. Pending Motions

None at this time.

Respectfully submitted this 13th day of February, 1995.

Respectfully submitted,

*Martha Carter Brown*

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MARTHA CARTER BROWN  
VICKI D. JOHNSON  
Staff Counsel

FLORIDA PUBLIC SERVICE COMMISSION  
101 East Gaines Street  
Fletcher Bldg., Room 226  
Tallahassee, Florida 32399-0863  
(904)487-2740

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the one copy of Staff's Prehearing Statement has been furnished by U.S. Mail this 13th day of February, 1995, to the following:

Beggs & Lane  
Jeffery Stone, Esquire  
P.O. Box 12950  
Pensacola, FL 32576-2950

Gulf Power Company  
Mr. Jack L. Haskins  
P.O. Box 13470  
Pensacola, FL 32591-3470

McWhirter Reeves McGlothlin  
Davidson and Bakas  
Vicki Gordon Kaufman, Esquire  
315 S. Monroe St., #716  
Tallahassee, FL 32301-1838

Florida Power and Light Co.  
Mr. Bill Walker  
215 S. Monroe St., #810  
Tallahassee, FL 32301-1859

McWhirter Reeves McGlothlin  
Davidson and Bakas  
John McWhirter, Esquire  
P.O. Box 3350  
Tampa, FL 33601-3350

Steel Hector and Davis  
Matthew Childs, Esquire  
215 S. Monroe St., #601  
Tallahassee, FL 32301

Florida Power Corporation  
James A. McGee, Esquire  
P.O. Box 14042  
St. Petersburg, FL 33733-4042

Florida Public Utilities  
Mr. Frank C. Cressman  
P.O. Box 3395  
W Palm Bch., FL 33402