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RECORDS AND REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 990007-EI
Filed: October 25, 1999

The Florida Industrial Power Users Group's Prehearing Statement

The Florida Industrial Power Users Group (FIPUG) hereby files its Prehearing Statement.

A. APPEARANCES:

JOHN W. MCWHIRTER, JR., McWhirter Reeves McGlothlin Davidson Decker Kaufman Arnold & Steen, P.A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33601-3350 and VICKI GORDON KAUFMAN, McWhirter Reeves McGlothlin Davidson Decker Kaufman Arnold & Steen, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301

On Behalf of the Florida Industrial Power Users Group.

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Kent D. Taylor	TECo scrubbers	8, 9, 14, 14G-I

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
KDT-1	Taylor	Credentials

D. STATEMENT OF BASIC POSITION:

The Commission should not permit TECo to begin to recover for the scrubbers now because benefits from the scrubbers are not projected to accrue until 2003. If the Commission does permit recovery, the appropriate return should be at the low end of the range((10.75%) since TECo as no risk as to its investment, but rather its return is guaranteed. Further, because the magnitude of the

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scrubber investment is so large--\$83 million--it should be reviewed in a general rate case.

E. STATEMENTS OF ISSUES AND POSITIONS

Generic Environmental Cost Recovery Issues

1. **ISSUE:** What are the appropriate final environmental cost recovery true-up amounts for the period ending December 31, 1998?

 FIPUG: No position at this time.
2. **ISSUE:** What are the estimated environmental cost recovery true-up amounts for the period January 1999 through December 1999?

 FIPUG: No position at this time.
3. **ISSUE:** What are the total environmental cost recovery true-up amounts to be collected or refunded during the period January 2000 through December 2000?

 FIPUG: No position at this time.
4. **ISSUE:** What are the appropriate projected environmental cost recovery amounts for the period January 2000 through December 2000?

 FIPUG: Resolution of this issue depends on the company-specific issues.
5. **ISSUE:** What should be the effective date of the environmental cost recovery factors for billing purposes?

 FIPUG: The new factors should be effective beginning with the first billing cycle for January 2000 and thereafter through the last billing cycle for December 2000. The first billing cycle may start before January 1, 2000, and the last billing cycle may end after December 31, 2000, so long as each customer is billed for twelve months regardless of when the factors become effective.
6. **ISSUE:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts be collected?

 FIPUG: No position at this time.

7. **ISSUE:** What are the appropriate Environmental Cost recovery Factors for the period January, 2000, through December, 2000, for each rate group?
- FIPUG:** Resolution of this issue depends on the company-specific issues.
8. **ISSUE:** Should the Commission require utilities to petition for approval of recovery of new projects through the Environmental Cost Recovery Clause at least three months prior to due date for projection filing testimony?
- FIPUG:** Yes. Parties need sufficient time to evaluate and respond to the utilities' testimony.
9. **ISSUE:** Should the Commission set minimum filing requirements for utilities upon a petition for approval of recovery of new projects through the Environmental Cost Recovery Clause?
- FIPUG:** Yes. The utilities must provide sufficient detail so that parties are able to evaluate and respond to utilities' testimony and proposals.
10. **ISSUE:** What is the appropriate methodology for making an adjustment to the ECRC project costs to reflect retirements or replacements of plant-in-service that are being recovered through base rates?
- FIPUG:** No position at this time.
11. **ISSUE:** Have the companies made the appropriate adjustments to remove ECRC project costs that are being recovered through base rates?
- FIPUG:** No position at this time.

Company-Specific Environmental Cost Recovery Issues

Florida Power & Light Company

12. **ISSUE:** What effect does Florida Light & Power Company's stipulation have on the ECRC?
- FIPUG:** No position at this time.
- 12A. **ISSUE:** What adjustments, if any, should be made to the depreciation expense for the environmental compliance true-up?

FIPUG: No position at this time.

Gulf Power Company

13. **ISSUE:** Should the Commission approve Gulf Power Company's request for recovery costs of the Gulf Coast Ozone Study project through the Environmental Cost Recovery Clause?

FIPUG: No position at this time.

13A. **ISSUE:** How should the newly proposed environmental costs for the Gulf Coast Ozone Study project be allocated to the rate classes?

FIPUG: Costs should be allocated on a capacity basis.

13B. **ISSUE:** Should the Commission approve Gulf Power Company's request for recovery of costs of the Mercury Emissions Information Collection Effort through the Environmental Cost recovery Clause?

FIPUG: No position at this time.

13C. **ISSUE:** How should the newly proposed environmental costs for the Mercury Emissions Information Collection Effort be allocated to the rate classes?

FIPUG: It is FIPUG's position that costs should be allocated on a capacity basis; however, FIPUG recognizes that the Commission has previously decided to allocate such costs on an energy basis.

13D. **ISSUE:** Should the Commission approve Gulf Power Company's request for recovery of costs of the Plant Smith Sodium Injection System project through the Environmental Cost Recovery Clause?

FIPUG: No position at this time.

13E. **ISSUE:** How should the newly proposed environmental costs for the plant Smith Sodium Injection System project be allocated to the rate classes?

FIPUG: It is FIPUG's position that costs should be allocated on a capacity basis; however, FIPUG recognizes that the Commission has previously decided to allocate such costs on an energy basis.

13F. **ISSUE:** What adjustments, if any, should be made to the Environmental Cost Recovery Clause to reflect an amount which may be in base rates for the costs of the underground fuel storage tanks which have been replaced by aboveground fuel storage tanks as reported in audit Disclosure No. 1 of the Florida Public Service Commission's Environmental Cost Recovery Clause Audit Report for the Period Ended September 20, 1997?

FIPUG: Any amount in base rates should be removed from environmental cost recovery so that there is no double recovery.

13G: **ISSUE:** Is Gulf in compliance with Order No. PSC-94-0044-FOF-EI, regarding the maintenance of separate subaccounts consistent with the Uniform System of Accounts for all items included in the environmental compliance cost recovery factor?

FIPUG: No position at this time.

Tampa Electric Company

14. **ISSUE:** Should the Commission approve Tampa Electric Company's request for recovery of costs of the Big Bend Unit 1 and 2 Flue Gas Desulfurization project through the Environmental Cost Recovery Clause?

FIPUG: No.

14A. **ISSUE:** How should the newly proposed environmental costs for the Big Bend Unit 1 and 2 Flue Gas Desulfurization project be allocated to the rate classes?

FIPUG: If recovery is approved, which FIPUG opposes, costs should be allocated on a capacity basis.

14B. **ISSUE:** Should the Commission approve Tampa Electric Company's request for recovery of costs of the EPA Mercury Emissions Information Collection Effort through the Environmental Cost recovery Clause?

FIPUG: No position at this time.

14C. **ISSUE:** How should the newly proposed environmental costs for the EPA Mercury Emission Information Collection Effort be allocated to the rate classes?

FIPUG: It is FIPUG's position that costs should be allocated on a capacity basis;

however, FIPUG recognizes that the Commission has previously decided to allocate such costs on an energy basis.

14D. **ISSUE:** Should the Commission approve Tampa Electric Company's request for the recovery of costs of the Gannon Electrostatic Precipitator Optimization Study through the Environmental Cost recovery Clause?

FIPUG: No position at this time.

14E. **ISSUE:** How should the newly proposed environmental costs for the Gannon Electrostatic Precipitator Optimization Study be allocated to the rate of classes?

FIPUG: It is FIPUG's position that costs should be allocated on a capacity basis; however, FIPUG recognizes that the Commission has previously decided to allocate such costs on an energy basis.

14F. **ISSUE:** What adjustments, if any, should be made to the ECRC to reflect the assets recovered through base rates that were replaced and retired in connection with the Big Bend CEM and Gannon Ignition Oil Tank ECRC projects?

FIPUG: Any amount in base rates should be removed from environmental cost recovery so that there is no double recovery.

14G. **ISSUE:** Should TECO be required to maintain separate subaccounts for all items included in the environmental cost recovery factors?

FIPUG: Yes.

15. **ISSUE:** What is the appropriate methodology for making an adjustment to ECRC project costs to reflect payroll charges that are being recovered through base rates?

FIPUG: No position at this time.

16. **ISSUE:** Because projected savings from use of the scrubbers will not materialize for several years, should collections be postponed until the savings occur?

FIPUG: Yes.

17. **ISSUE:** If recovery of the cost of TECo's scrubbers is on a kwh basis, should

wholesale customers bear a portion of the cost responsibility based on their consumption?

FIPUG: Yes.

18. **ISSUE:** What ROE should be applied to the recovery of the scrubbers?

FIPUG: The low end of the range should be used.

F. STIPULATED ISSUES:

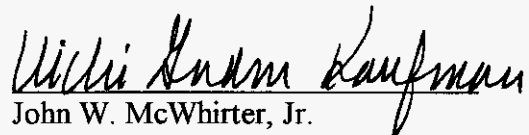
None at this time.

G. PENDING MOTIONS:

FIPUG has no pending motions.

H. OTHER MATTERS:

None at this time.



John W. McWhirter, Jr.
McWhirter Reeves McGlothlin Davidson
Decker Kaufman Arnold & Steen, P.A.
400 North Tampa Street, Suite 2450
Tampa, Florida 33601-3350

Vicki Gordon Kaufman
McWhirter Reeves McGlothlin Davidson
Decker Kaufman Arnold & Steen, P.A.
117 South Gadsden Street
Tallahassee, Florida 32301

Attorneys for the Florida Industrial
Power Users Group

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing FIPUG Prehearing Statement has been furnished by hand delivery(*) or by U.S. Mail this 25th day of October, 1999 to the following:

(*) Grace Jaye
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Lee L. Willis
James Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302

John Roger Howe
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, Florida 32399-1400

Matthew M. Childs
Steel Hector & Davis
215 South Monroe Street
Suite 601
Tallahassee, Florida 32301-1804

Gail Kamaras, Director
Legal Environmental Assistance Foundation
1114-E Thomasville Road
Tallahassee, Florida 32303-6290

Jeffery A. Stone
Beggs and Lane
Post Office Box 12950
Pensacola, Florida 32576-2950


Vicki Gordon Kaufman