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Matthew M. Childs, P.A.

August 5, 1998

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399-0850

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RECORDS AND REPORTING

RE: DOCKET NO. 980007-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and ten (10) copies of Florida Power & Light Company's Prehearing Statement in the above referenced docket.

Also enclosed is a formatted double sided high density 3.5 inch diskette containing the Prehearing Statement for Florida Power & Light Company.

Very truly yours,



Matthew M. Childs, P.A.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost)
Recovery Clause)

DOCKET NO. 980007-EI
FILED: AUGUST 5, 1998

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-98-0815-PCO-EI, issued June 19, 1998, establishing the prehearing procedure in this docket, Florida Power & Light Company hereby submits its Prehearing Statement.

A. APPEARANCES

Matthew M. Childs, P.A.
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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
K.M. DUBIN	ECRC Projections and Factors for October 1998 Through December 1998	1-9, 10A
R.R. LABAUVE	New Environmental Compliance Activities	10

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-1)	K.M. DUBIN	Environmental Cost Recovery Projections October 1998 - December 1998 Commission Forms 42-1P through 42-4P and 42-6P through 42-7P

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-2)	K.M. DUBIN	Appendix II Environmental Cost Recovery Estimated/Actual Period October 1997 - September 1998 Commission Forms 42-1E through 42-8E
(RRL-1)	R. R. LABAUVE	Final Permit - Putnam Power Plant and Best Management Practices/Pollution Prevention Conditions
(RRL-2)	R. R. LABAUVE	Permit for FPL Port Everglades Power Plant - Old
(RRL-3)	R. R. LABAUVE	Permit for FPL Port Everglades Power Plant - Current
(RRL-4)	R. R. LABAUVE	NPDES Permit Issuance Dates & BMP3 Submittal Dates
(RRL-5)	R. R. LABAUVE	Ambient Water Quality Criteria
(RRL-6)	R. R. LABAUVE	Letter From EPA Dated June 13, 1997
(RRL-7)	R. R. LABAUVE	Multiple Source Annual Operating Permit
(RRL-8)	R. R. LABAUVE	Section 24-11, Code of Metropolitan Dade County
(RRL-9)	R. R. LABAUVE	Wastewater/Stormwater Discharge Elimination - Diagrams
(RRL-10)	R. R. LABAUVE	Scope of Work by Site

D. STATEMENT OF BASIC POSITION

The subject of this hearing, as it relates to FPL, is to address the three month period from October 1998 through December 1998. FPL proposes that a factor not be set to reflect projections for the three month period or the net prior period overrecovery.

However, specific issues are contained in this statement as if new factors were being set. This is the basis for calculations of true-ups in future periods.

E. STATEMENT OF ISSUES AND POSITIONS

1. What is the appropriate final environmental cost recovery true-up amount for the period ending September 30, 1997?

FPL: \$2,157,919 overrecovery for the period including interest. (DUBIN)

- 1A. What is the appropriate final environmental cost recovery true-up amount for the period ending March 31, 1998?

FPL: This is not an issue for FPL, however the amount is \$391,988 underrecovery for the period including interest. (DUBIN)

2. What is the estimated environmental cost recovery true-up amount for the period October, 1997 through September, 1998?

FPL: \$926,229 underrecovery for the period including interest. (DUBIN)

- 2A. What is the estimated environmental cost recovery true-up amount for the period April, 1998 through September, 1998?

FPL: This is not an issue for FPL, however the amount is \$534,241 underrecovery for the period including interest. (DUBIN)

3. What is the total environmental cost recovery true-up amount to be collected?

FPL: \$1,231,690 net overrecovery, including interest. However, FPL is not proposing to reflect this overrecovery during the October 1998 through December 1998 period but instead FPL proposes to reflect this amount during the January 1999 through December 1999 period. (DUBIN)

4. What is the appropriate projected environmental cost recovery amount for the period October, 1998 through December, 1998?

FPL: The total environmental cost recovery amount, adjusted for revenue taxes is \$4,909,380. This amount does not include the net overrecovery for prior periods. (DUBIN)

5. Should the Commission allow the electric utilities to keep their environmental cost recovery factors at the rate set by Order Nos. PSC-97-1047-FOF-EI and PSC-98-0408-FOF-EI for the projected period October, 1998 through December, 1998?

FPL: Yes. A calculation of new environmental factors reflecting projections for the period and the net true-up amount would not produce factors significantly different from those currently in effect. Therefore, FPL believes that a change to customer bills for the three month period of October through December 1998 is not warranted.

In Order No. PSC-98-0691-FOF-PU, Docket No. 980629-PU dated May 19, 1998, the Commission found that Fuel, Capacity, and Environmental Factors should be determined on a calendar year basis beginning in 1999. As part of the transition to 1999, the Commission approved FPL's Fuel Factors through December 1998 and also extended FPL's Capacity Factors for the three month period of October 1998 through December 1998. Extending the ECRC factors for the period October 1998 through December 1998 would be consistent with the earlier Commission decisions. Therefore, the Commission should authorize FPL to extend its currently authorized environmental factors for the period October, 1998 through December, 1998, and to allow prior period true-up amounts to be reflected in the calendar year 1999 period. (DUBIN)

6. What is the appropriate recovery period to collect the total environmental cost recovery true-up amount?

FPL: If FPL were setting a new factor for the three month period October 1998 through December 1998, FPL would propose to spread the recovery over the fifteen months from October 1998 through December 1999. Instead, FPL proposes not to reset the factor

for the three months and to collect the prior period net overrecovery from January 1999 through December 1999. (DUBIN)

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

FPL: FPL is not proposing new environmental cost recovery factors for the October 1998 through December 1998 period. (DUBIN)

8. What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected?

FPL: Because FPL is not proposing a change in the environmental cost recovery factors, there are no proposed changes in depreciation rates, for true-up amounts to be collected during the period October 1998 through December 1998 period. 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. (DUBIN)

9. What are the appropriate Environmental Cost Recovery Factors for the period beginning October, 1998 for each rate group?

FPL: The appropriate factors for each rate group should continue to be those last approved by the Commission in Order No. PSC-97-1047-EI. (DUBIN)

COMPANY SPECIFIC ISSUES

10. Should the Commission approve FPL's proposal to recover the costs of the Wastewater and Stormwater Discharge Elimination Project through the Environmental Cost Recovery Clause?

FPL: Yes. The Wastewater and Stormwater Discharge Elimination Project, as proposed in FPL's June 29, 1998 testimony, is designed to eliminate the release of contaminants to the environment by

eliminating discharges of wastewater and stormwater in plant operations. Completion of this project will ensure that FPL is in compliance with the new environmental requirements related to wastewater and stormwater. For the entire project FPL's preliminary cost estimate totals approximately \$13 million and these costs are not otherwise being recovered by FPL. Costs included in the current period are \$987,000. (LABAUVE)

10A. How should the newly proposed environmental costs for the Wastewater/Stormwater Discharge Elimination Project be allocated to the rate classes?

FPL: FPL proposes to allocate the costs of the new project on a 100% demand basis. However, FPL does not propose to alter the factors approved by the Commission in Order PSC-97-1047-FOF-EI, until the 1999 calendar year factors are projected. (DUBIN)

F. STIPULATED ISSUES

None at this time.

G. MOTIONS

FPL is aware of no outstanding motions at this time.

Respectfully submitted,

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Attorneys for Florida Power
& Light Company

BY: 
Matthew M. Childs, P.A.

CERTIFICATE OF SERVICE
DOCKET NO. 980007-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's List of Issues and Positions has been furnished by Hand Delivery (*), or U.S. Mail this 5th day of August, 1998, to the following:

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