

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost  
recovery clause.

DOCKET NO. 980007-EI  
ORDER NO. PSC-98-1224-FOF-EI  
ISSUED: September 17, 1998

The following Commissioners participated in the disposition of  
this matter:

SUSAN F. CLARK  
JOE GARCIA  
E. LEON JACOBS, JR.

APPEARANCES:

MATTHEW M. CHILDS, ESQUIRE, Steel Hector and Davis, 215 South  
Monroe Street, Suite 601, Tallahassee, Florida 32301  
On behalf of Florida Power & Light Company (FPL).

JEFFERY A. STONE, ESQUIRE, and RUSSELL A. BADDERS, ESQUIRE,  
Beggs & Lane, Post Office Box 12950, Pensacola, Florida 32576  
On behalf of Gulf Power Company (Gulf).

JAMES D. BEASLEY, ESQUIRE, and LEE L. WILLIS, ESQUIRE, Ausley  
& McMullen, Post Office Box 391, Tallahassee, Florida 32302  
On behalf of Tampa Electric Company (TECO).

JOHN W. McWHIRTER, ESQUIRE, McWhirter Reeves McGlothlin  
Davidson Decker Kaufman Arnold & Steen, Post Office Box 3350,  
Tampa, Florida 33601; JOSEPH A. McGLOTHLIN, ESQUIRE, and VICKI  
GORDON KAUFMAN, ESQUIRE, McWhirter Reeves McGlothlin Davidson  
Decker Kaufman Arnold & Steen, 117 South Gadsden Street,  
Tallahassee, Florida 32301  
On behalf of Florida Industrial Power Users Group (FIPUG).

JOHN ROGER HOWE, ESQUIRE, Office of Public Counsel, c/o The  
Florida Legislature, 111 West Madison Street, Room 812,  
Tallahassee, Florida 32399  
On behalf of the Citizens of the State of Florida (OPC).

LESLIE J. PAUGH, ESQUIRE, Florida Public Service Commission,  
2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
On behalf of the Commission Staff (Staff).

DOCUMENT NUMBER-DATE  
10237 SEP 17 88  
FPSC-RECORDS/REPORTING

ORDER APPROVING PROJECTED EXPENDITURES AND TRUE-UP  
AMOUNTS FOR ENVIRONMENTAL COST RECOVERY FACTORS

As part of the Commission's continuing fuel cost recovery and environmental cost recovery proceedings, a hearing was held on August 26, 1998, in this docket and in Docket No. 980001-EI. The hearing addressed the issues set out in the Prehearing Order. All of the issues in this docket have been stipulated. They are described below.

**Generic Environmental Cost Recovery Issues**

We approve as reasonable the following stipulations as to the final environmental cost recovery true-up amounts for the period ending September 30, 1997:

FPL: \$ 2,157,919 overrecovery.  
GULF: \$ 359,564 overrecovery.

We approve as reasonable the following stipulation as to the final environmental cost recovery true-up amount for the period ending March 31, 1998:

TECO: \$ 351,717 overrecovery

We approve as reasonable the following stipulations as to the estimated environmental cost recovery true-up amounts for the period October, 1997, through September, 1998:

FPL: \$ 926,229 underrecovery.  
GULF: \$ 420,896 overrecovery.

We approve as reasonable the following stipulation as to the estimated environmental cost recovery true-up amount for the period April, 1998, through September, 1998:

TECO: \$ 80,017 underrecovery.

We approve as reasonable the following stipulations as to the total environmental cost recovery true-up amounts to be collected:

FPL: \$ 1,231,690 overrecovery.  
GULF: \$ 780,460 overrecovery.  
TECO: \$ 271,700 overrecovery.

We approve as reasonable the following stipulations as to the projected environmental cost recovery amounts for the period October, 1998, through December, 1998:

FPL: \$3,843,923 (the projected cost plus 3/12 of the total true-up amount).  
Gulf: \$2,884,570 (the projected cost plus 3/12 of the total true-up amount).  
TECO: \$1,247,203 (the projected cost plus 3/6 of the total true-up amount plus \$22,218 to adjust for an amount in question during the February, 1998, ECRC hearing).

We find that the electric utilities shall be allowed to retain their environmental cost recovery factors at the rate set by Order Nos. PSC-97-1047-FOF-EI, issued September 5, 1997, in Docket No. 970007-EI, and PSC-98-0408-FOF-EI, issued March 18, 1998, in Docket No. 980007-EI, for the projected period October, 1998, through December, 1998.

We find that the appropriate recovery period to collect the total environmental cost recovery true-up amounts is the 15-month period from October, 1998, through December, 1999.

We find that the environmental cost recovery factors factor shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period October, 1998, through December, 1998. Billing cycles may start before October 1, 1998, and the last cycle may be read after December 31, 1998, so that each customer is billed for three months regardless of when the adjustment factor became effective.

We find that the depreciation rates used to calculate the depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service.

We approve as reasonable the following stipulations which reflect that the appropriate Environmental Cost Recovery Factors for the period October, 1998, through December, 1998, for each rate group shall continue to be those last approved by the Commission for each company:

FPL:

<u>Rate Class</u>	<u>Environmental Recovery Factor (\$/KWH)</u>
RS1	0.00030
GS1	0.00028
GSD1	0.00025
OS2	0.00069
GSLD1/CS1	0.00024
GSLD2/CS2	0.00023
GSLD3/CS3	0.00016
ISST1D	0.00050
SST1T	0.00021
SST1D	0.00025
CILC D/CILC G	0.00023
CILC T	0.00015
MET	0.00027
OL1/SL1	0.00021
SL2	0.00021

GULF:

<u>Rate Class</u>	<u>Environmental Recovery Factor (¢/KWH)</u>
RS, RST	0.138
GS, GST	0.136
GSD, GSDT	0.118
LP, LPT	0.111
PX, PXT, RTP	0.101
OSI, OSII	0.082
OSIII	0.107
OSIV	0.154
SBS	0.112

TECO:

<u>Rate Class</u>	<u>Environmental Cost Recovery Factor (¢/KWH)</u>
RS, RST	0.033
GS, GST, TS	0.033
GSD, GSDT	0.033
GSLD, GSLDT, SBF, SBFT	0.032
IS1, IST1, SBI1, SBIT1,	
IS3, IST3, SBI3, SBIT3	0.031
SL, OL	0.032

**Company - Specific Environmental Cost Recovery Issues**

Florida Power & Light Company

We approve as reasonable the stipulation that the issue of whether or not Florida Power & Light Company should recover the costs of the Wastewater/Stormwater Discharge Elimination Project through the Environmental Cost Recovery Clause shall be deferred until the November, 1998, hearing in this docket.

We approve as reasonable the stipulation that estimated project costs for the proposed project shall be allocated to the rate classes in the following manner:

The capital portion of the project shall be allocated to the rate classes on a 12 CP and 1/13 average demand basis. The operation and maintenance expense portion shall be allocated to the rate classes on a 100% demand basis.

Gulf Power Company:

The issue of what adjustment, 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 30, 1997, shall be deferred until the November, 1998, hearing in this docket.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations set forth in the body of this Order are hereby approved. It is further

ORDERED that Florida Power & Light Company, Gulf Power Company and Tampa Electric Company shall apply the environmental cost recovery factors set forth herein during the period October, 1998, through December, 1998, and until such factors are modified by subsequent Order. It is further

ORDERED that the estimated true-up amounts contained in the environmental cost recovery factors approved herein are hereby authorized, subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based.

By ORDER of the Florida Public Service Commission this 17th day of September, 1998.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

LJP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.