

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost
Recovery Factor

DOCKET NO. 980007-EI

NOVEMBER 4, 1998

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-98-1185-PCO-EI, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Staff has no witnesses at this time.

b. All Known Exhibits

Staff has no witnesses at this time.

c. Staff's Statement of Basic Position

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 stated herein.

d. Staff's Position on the Issues

Generic Environmental Cost Recovery Issues

ACK ISSUE 1:

What are the estimated environmental cost recovery true-up amounts for the period October, 1997, through December, 1998? (for Florida Power & Light Company and Gulf Power Company only)

AFA _____

APP _____

CAF _____

CMU STAFF:

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

CTR _____

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

EAG _____

LEG _____

LIN 3

OPC _____

RCH _____

SEC 1

WAS _____

OTH _____

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ISSUE 1A: What are the estimated environmental cost recovery true-up amounts for the period April, 1998, through December, 1998? *(for Tampa Electric Company only)*

STAFF: TECO: \$ 1,259,595 overrecovery.

ISSUE 2: What are the appropriate projected environmental cost recovery amounts for the period January, 1999, through December, 1999?

STAFF: FPL: No position at this time pending resolution of other issues.
GULF: No position at this time pending resolution of other issues.
TECO: No position at this time pending resolution of other issues.

ISSUE 3: What is the appropriate recovery period to collect the total environmental cost recovery true-up amounts?

STAFF: The appropriate recovery period to collect the total environmental cost recovery true-up amounts (the sum of the final true-up amounts as approved in Order No. PSC-98-1224-FOF-EI and the estimated true-up amounts) is the twelve month period from January 1999 through December 1999.

ISSUE 4: What should be the effective date of the environmental cost recovery factors for billing purposes?

STAFF: The factor should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January, 1999, through December, 1999. Billing cycles may start before January 1, 1999, and the last cycle may be read after December 31, 1999, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery true-up amounts to be collected?

STAFF: 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 6: What are the appropriate Environmental Cost Recovery Factors for the period January, 1999, through December, 1999, for each rate group?

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

ISSUE 7: 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 the due date for projection filing testimony?

STAFF: Yes.

ISSUE 7A: 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?

STAFF: Yes.

Company - Specific Environmental Cost Recovery Issues

Florida Power & Light Company

ISSUE 8: Should the Commission approve Florida Power & Light Company's request for recovery of costs of the Wastewater/Stormwater Discharge Elimination Project through the Environmental Cost Recovery Clause?

STAFF: No position at this time.

ISSUE 8A: What is the appropriate method for calculating the return on average net investment for Environmental Cost Recovery Clause projects as established by Order No. PSC-97-1047-FOF-EI?

STAFF: No position at this time.

Gulf Power Company

ISSUE 9: Should the Commission approve Gulf Power Company's request for recovery of costs of the Crist Units 4-7 Ash Pond Diversion Curtains project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 9A: How should the newly proposed environmental costs for the Crist Units 4-7 Ash Pond Diversion Curtains project be allocated to the rate classes?

STAFF: The costs of the Crist Units 4-7 Ash Pond Diversion Curtains project should be allocated on a 12 CP and 1/13 average demand basis.

ISSUE 9B: Is it appropriate for Gulf Power Company to recover costs for low NO_x burner tips on Plant Smith Unit 1 through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 9C: How should environmental costs for the low NO_x burner tips on Plant Smith Unit 1 be allocated to the rate classes?

STAFF: The costs of the low NO_x burner tips on Plant Smith Unit 1 should be allocated on an energy basis.

ISSUE 9D: Is it appropriate for Gulf Power Company to recover costs for the purchase of an additional mobile groundwater treatment system through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 9E: 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?

STAFF: No position at this time pending outstanding discovery.

Tampa Electric Company

ISSUE 10: Should the Commission approve Tampa Electric Company's request for recovery of costs of the Big Bend Unit 1 Classifier Replacement project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10A: How should the newly proposed environmental costs for the Big Bend Unit 1 Classifier Replacement project be allocated to the rate classes?

STAFF: The costs of the Big Bend Unit 1 Classifier Replacement project should be allocated on an energy basis.

ISSUE 10B: Should the Commission approve Tampa Electric Company's request for recovery of costs of the Big Bend Unit 2 Classifier Replacement project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10C: How should the newly proposed environmental costs for the Big Bend Unit 2 Classifier Replacement project be allocated to the rate classes?

STAFF: The costs of the Big Bend Unit 2 Classifier Replacement project should be allocated on an energy basis.

ISSUE 10D: Should the Commission approve Tampa Electric Company's request for recovery of costs of the Gannon Unit 5 Classifier Addition project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10E: How should the newly proposed environmental costs for the Gannon Unit 5 Classifier Addition project be allocated to the rate classes?

STAFF: The costs of the Gannon Unit 5 Classifier Addition project should be allocated on an energy basis.

ISSUE 10F: Should the Commission approve Tampa Electric Company's request for recovery of costs of the Gannon Unit 6 Classifier Addition project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10G: How should the newly proposed environmental costs for the Gannon Unit 6 Classifier Addition project be allocated to the rate classes?

STAFF: The costs of the Gannon Unit 6 Classifier Addition project should be allocated on an energy basis.

ISSUE 10H: Should the Commission approve Tampa Electric Company's request for recovery of costs of the Gannon Coal Crusher project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10I: How should the newly proposed environmental costs for the Gannon Coal Crusher project be allocated to the rate classes?

STAFF: The costs of the Gannon Coal Crusher project should be allocated on an energy basis.

ISSUE 10J: Should the Commission approve Tampa Electric Company's request for recovery of costs of the Gannon Unit 5 Stack Extensions project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10K: How should the newly proposed environmental costs for the Gannon Unit 5 Stack Extensions project be allocated to the rate classes?

STAFF: The costs of the Gannon Unit 5 Stack Extensions project should be allocated on an energy basis.

ISSUE 10L: Should the Commission approve Tampa Electric Company's request for recovery of costs of the Gannon Unit 6 Stack Extensions project through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10M: How should the newly proposed environmental costs for the Gannon Unit 6 Stack Extensions project be allocated to the rate classes?

STAFF: The costs of the Gannon Unit 6 Stack Extensions project should be allocated on an energy basis.

ISSUE 10N: Should the Commission approve Tampa Electric Company's request for recovery of costs of the National Pollutant Discharge Elimination System (NPDES) Annual Surveillance Fees through the Environmental Cost Recovery Clause?

STAFF: No position at this time pending outstanding discovery.

ISSUE 10O: How should the newly proposed environmental costs for the National Pollutant Discharge Elimination System (NPDES) Annual Surveillance Fees be allocated to the rate classes?

STAFF: The costs of the National Pollutant Discharge Elimination System (NPDES) Annual Surveillance Fees should be allocated on a 12 CP and 1/13 average demand basis.

Issues Raised by Other Parties

ISSUE 11: Should the Commission consider whether approval of environmental cost recovery factors will enable electric utilities to earn excessive returns on equity under currently prevailing financial market conditions?

STAFF: This issue was raised by Public Counsel. Staff takes no position at this time.

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e. Pending Motions

Staff is not aware of any pending motions at this time.

f. Compliance with Order No. PSC-98-1185-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 4th day of November, 1998.



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FILED: NOVEMBER 4, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Staff's Prehearing Statement has been furnished by U.S. Mail this 4th day of November, 1998, to the following:

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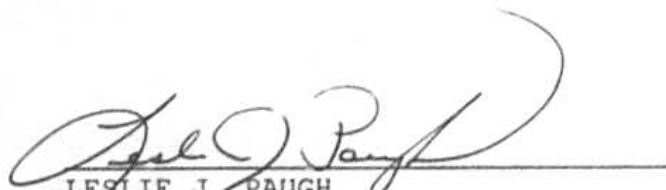
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