

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Environmental Cost ) DOCKET NO. 950007-EI  
Recovery Clause ) ORDER NO. PSC-95-0384-FOF-EI  
\_\_\_\_\_ ) ISSUED: March 21, 1995

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON  
JULIA L. JOHNSON  
DIANE K. KIESLING

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

APPEARANCES:

Matthew M. Childs, Esquire, Steel Hector & Davis, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301-1804  
On behalf of Florida Power & Light Company.

G. Edison Holland, Jr., Esquire, Jeffery A. Stone, Esquire, and Russell A. Badders, Esquire, of Beggs & Lane, 700 Blount Building, 3 West Garden Street, P.O. Box 12950, Pensacola, Florida 32576-2950  
On behalf of Gulf Power Company.

Joseph A. McGlothlin, Esquire, Vicki Gordon Kaufman, Esquire, McWhirter, Reeves, McGlothlin, Davidson and Bakas, 315 South Calhoun Street, Suite 716, Tallahassee, Florida 32301.  
On behalf of the Florida Industrial Power Users Group.

John Roger Howe, Esquire, Deputy Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida.

Prentice Pruitt, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0862  
On behalf of the Commissioners.

Martha Carter Brown, Esquire, Vicki D. Johnson, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0863  
On behalf of the Commission Staff.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BY THE COMMISSION:

Pursuant to the provisions of Section 366.8255, Florida Statutes, the Commission has established an environmental cost recovery clause to be administered in conjunction with its continuing fuel cost recovery, oil backout cost recovery, capacity cost recovery, conservation cost recovery and purchased gas cost recovery proceedings. After notice, a hearing was held in this docket on March 8, 1995, along with the hearings held in Dockets No. 950001-EI, 950002-EG, and 950003-GP.

The hearing addressed the issues set out in the body of the Prehearing Order, Order No. PSC-95-0312-PHO-EI, issued March 6, 1995. The participating parties stipulated to a resolution of all the issues presented, and we hereby approve the stipulations of the parties as described below.

The parties agreed to, and we approve as appropriate, the following final environmental cost recovery true-up amounts for the period ending September, 1994:

FPL: \$111,561 overrecovery.  
GULF: \$72,442 overrecovery.

The parties agreed to, and we approve as appropriate, the following estimated environmental cost recovery true-up amounts for the period October, 1994 through March, 1995:

FPL: \$351,379 overrecovery.  
GULF: \$333,228 overrecovery.

The parties agreed to, and we approve as appropriate, the following total environmental cost recovery true-up amounts to be collected during the period April, 1995 through September, 1995:

FPL: \$462,940 overrecovery.  
GULF: \$405,670 overrecovery.

The parties agreed to, and we find appropriate, the following projected environmental cost recovery amounts to be included in the recovery factors for the period April 1995 through September 1995:

FPL: \$3,956,201.  
GULF: \$5,705,000.

For billing purposes the new factors shall be effective beginning with the specified billing cycle and thereafter for the period April 1, 1995, through September 30, 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.

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.

The parties agreed to, and we find appropriate, the following projected environmental cost recovery allocation to the rate classes:

FPL: The cost of the operation and maintenance of the Continuous Emission Monitoring System shall be allocated on an energy basis, and the cost of the Resource Conservation and Recovery Act (RCRA) Corrective Action Operation and Maintenance project shall be allocated on a demand basis.

GULF: The allocation of dismantlement associated with ECRC investments shall be based on the allocation of the ECRC investments, and the costs of the Clean Air Act Amendments of 1990, Title V Permit Operation and Maintenance activity shall be allocated on an energy basis. The costs of the Plant Daniel Groundwater Monitoring Program associated with the closure of the Plant Daniel Ash Pond activity shall be allocated on a demand basis.

We approve as appropriate the following Environmental Cost Recovery Factors for the period April, 1995 through September, 1995 for each rate group.

<u>FPL:</u>	Rate Class	Environmental Recovery <u>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
	ISST1D	0.00010
	SST1T	0.00009
	SST1D	0.00009

Rate Class	Environmental Recovery Factor (\$/KWH)
CILC D/CILC G	0.00009
CILC T	0.00009
MET	0.00010
OL1/SL1	0.00008
SL2	0.00009

GULF: See table below:

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RST	0.135
GS, GST	0.134
GSD, GSdT, SBS	0.120
LP, LPT, SBS	0.111
PX, PXT, RPT, SBS	0.102
OSI, OSII	0.076
OSIII	0.109
OSIV	0.076

**Company-Specific Environmental Cost Recovery Issues**

Florida Power & Light Company

We approve FPL's request to recover the costs for the Resource Conservation and Recovery Act (RCRA) Corrective Action Operation and Maintenance project through the Environmental Cost Recovery Clause. 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.

We also approve Florida Power & Light Company's request to recover the cost for the Continuous Emission Monitoring Systems Operation and Maintenance activity. 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.

Gulf Power Company

At the hearing Gulf requested approval of the costs associated with ECRC investments through the Environmental Cost Recovery clause. This issue was deferred until the August hearing, allowing 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 shall refund all amounts included in its calculation of the ECRC over/under recovery since the inception of the clause, with interest.

We approve Gulf Power Company's recovery of the cost for Title V Permit Operation and Maintenance activity through the Environmental Cost Recovery Clause. 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 rate case.

We approve Gulf Power Company's request to recover the cost for the Plant Daniel Groundwater Monitoring Program through the Environmental Cost Recovery Clause. This activity is a requirement of the Mississippi Department of Environmental Quality associated with the closure of the Plant Daniel Ash Pond. All expenses 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.

Gulf Power Company requested approval to recover the cost of meals through the Environmental Cost Recovery Clause. We approve only the meal costs incurred for an employee's own consumption while traveling on environmental cost recovery clause business. This type of cost may 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, shall not be recovered through the ECRC. Gulf Power company shall make the necessary adjustments to remove the costs of meals previously charged to ECRC accounts that do not comply with the above stated policy.

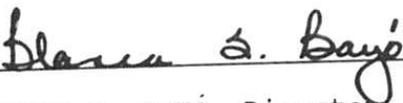
In consideration of the foregoing, it is

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

ORDERED that investor-owned electric utilities subject to our jurisdiction are hereby authorized to apply the environmental cost recovery factors set forth herein during the period of April through September, 1995, and until such factors are modified by subsequent Order. It is further

ORDERED that the estimated true-up amounts contained in the above environmental cost recovery factors 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 21st day of March, 1995.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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