

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 20240007-EI
ORDER NO. PSC-2024-0482-FOF-EI
ISSUED: November 22, 2024

The following Commissioners participated in the disposition of this matter:

MIKE LA ROSA, Chairman
ART GRAHAM
GARY F. CLARK
ANDREW GILES FAY
GABRIELLA PASSIDOMO

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

APPEARANCES:

MARIA JOSE MONCADA and JOEL T. BAKER, ESQUIRES, 700 Universe
Boulevard, Juno Beach, Florida 33408-2863
On behalf of FLORIDA POWER & LIGHT COMPANY (FPL).

DIANNE M. TRIPLETT, ESQUIRE, 299 First Avenue North, St. Petersburg,
Florida 33701
MATTHEW R. BERNIER, and STEPHANIE CUELLO, ESQUIRES, 106 East
College Avenue, Suite 800, Tallahassee, Florida 32301
On behalf of DUKE ENERGY FLORIDA, LLC (DEF).

MALCOLM N. MEANS, J. JEFFRY WAHLEN, and VIRGINIA PONDER
ESQUIRES, Ausley McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of TAMPA ELECTRIC COMPANY (TECO).

WALT TRIERWEILER, CHARLES REHWINKEL, PATRICIA A.
CHRISTENSEN, MARY A. WESSLING, and OCTAVIO SIMOES-PONCE, and
AUSTIN WATROUS ESQUIRES, c/o The Florida Legislature, 111 West
Madison Street, Suite 812, Tallahassee, Florida 32399-1400
On behalf of OFFICE OF PUBLIC COUNSEL (OPC).

JON C. MOYLE, JR. and KAREN A. PUTNAL, ESQUIRES, Moyle Law Firm,
P.A., 118 North Gadsden Street, Tallahassee, Florida 32301
On behalf of FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG).

JAMES W. BREW, LAURA WYNN BAKER and SARAH B. NEWMAN, ESQUIRES, Stone, Mattheis, Xenopoulos & Brew, PC, 1025 Thomas Jefferson Street, NW, Eighth Floor, West Tower, Washington, D.C. 20007
On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate).

PETER J. MATTHEIS, MICHAEL K. LAVANGA, and JOSEPH R. BRISCAR, ESQUIRES, Stone, Mattheis, Xenopoulos & Brew, PC, 1025 Thomas Jefferson Street, NW, Eighth Floor, West Tower, Washington D.C. 20007
On behalf of Nucor Steel Florida, Inc. (NUCOR).

JACOB IMIG, SAAD FAROOQI, and ADRIA H. HARPER, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

KEITH C. HETRICK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Florida Public Service Commission General Counsel.

BY THE COMMISSION:

BACKGROUND

As part of this Commission's continuing Environmental Cost Recovery Clause (ECRC) proceedings, a hearing was held in this docket on November 5, 2024. The ECRC proceeding allows investor owned electric utilities to seek recovery of their costs for approved environmental programs on an annual basis. We are vested with jurisdiction over the subject matter by the provisions of Section 366.8255, Florida Statutes (F.S.).

DECISION

We approve the Type 2¹ stipulations for all issues as set forth below, as reasonable and supported by competent and substantial evidence. We relied upon the uncontroverted testimony

¹ A Type 2 stipulation occurs on an issue when the utility and the staff, or the utility and at least one party adversarial to the utility, agree on the resolution of the issue and the remaining parties (including staff if they do not join in the agreement) do not object to the Commission relying on the agreed language to resolve that issue in a final order.

of the witnesses and the supplemental evidence entered into the record. Duke Energy Florida, LLC (DEF), Florida Power & Light Company (FPL), Tampa Electric Company (TECO), and Commission staff supported the proposed stipulations. The Office of Public Counsel (OPC) position on each Type 2 stipulation is as follows:

OPC takes no position on these issues nor does it have the burden of proof related to them. As such, the OPC represents that it will not contest or oppose the Commission taking action approving a proposed stipulation between the Company and another party or staff as a final resolution of the issue. No person is authorized to state that the OPC is a participant in, or party to, a stipulation on these issues, either in this docket, in an order of the Commission, or in a representation to a Court.

Florida Industrial Power Users Group (FIPUG), White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate), and Nucor Steel Florida, Inc. (Nucor) have adopted the position of OPC on each Type 2 stipulation.

Generic Issues

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2023 through December 2023?

STIPULATION:

FPL	\$7,623,275	Over-recovery
DEF	\$1,548,518	Over-recovery
TECO	\$4,203,268	Over-recovery

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2024 through December 2024?

STIPULATION:

FPL	\$18,176,707	Under-recovery
DEF	\$1,936,104	Over-recovery
TECO	\$3,297,632	Over-recovery

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2025 through December 2025?

STIPULATION:

FPL	\$401,635,933
DEF	\$15,140,721
TECO	\$19,594,554

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2025 through December 2025?

STIPULATION:

FPL	\$412,189,365
DEF	\$11,656,099
TECO	\$12,103,910

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2025 through December 2025?

STIPULATION:

FPL will use the depreciation rates that were approved by the Commission in Order No. PSC-2021-0446-S-EI. The depreciation rates used by DEF to calculate depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service. Depreciation rates agreed to in TECO's 2021 Settlement Agreement were applied to TECO's 2025 projection.

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2025 through December 2025?

STIPULATION:

The appropriate jurisdictional separation factors for the period January 2025 through December 2025 are as follows:

FPL: Retail Energy Jurisdictional Factor - Base/Solar 95.706242%
Retail Energy Jurisdictional Factor - Intermediate 93.940532%
Retail Energy Jurisdictional Factor - Peaking 95.601963%

Retail Demand Jurisdictional Factor - Transmission 88.780684%

Retail Demand Jurisdictional Factor - Base/Solar 96.010976%

Retail Demand Jurisdictional Factor - Intermediate 95.415719%

Retail Demand Jurisdictional Factor - Peaking 94.942846%

Retail Demand Jurisdictional Factor - Distribution 100.0000%

Retail General Plant Jurisdictional Factor - Labor 96.942531%

DEF: Transmission Average 12 CP Demand – 70.369%
Distribution Primary Demand – 100.000%

Production Demand:
Production Base – 100.000%
Production Intermediate – 95.212%
Production Peaking – 97.632%
Production A&G – 97.366%

TECO: Energy: 100.00%
Demand: 100.00%

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2025 through December 2025 for each rate group?

STIPULATION:

The appropriate environmental cost recovery factors for the period January 2025 through December 2025 for each rate group are as follows:

FPL:

RATE	Environmental Cost Recovery Factor (cents/kWh)
RS1/RTR1	0.361
GS1/GST1	0.324
GSD1/GSDT1/HLFT1/GSD1-EV	0.295
OS2	0.194
GSLD1/GSLDT1/CS1/CST1/HLFT2/GSLD1-EV	0.269
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.256
GSLD3/GSLDT3/CS3/CST3	0.230
SST1T	0.237
SST1D1/SST1D2/SST1D3	0.753
CILC D/CILC G	0.245
CILC T	0.228
MET	0.275
OL1/SL1/SL1M/PL1	0.049
SL2/SL2M/GSCU1	0.233
Total	0.326

DEF:

RATE CLASS	ECRC FACTORS
Residential	0.030 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.028 cents/kWh 0.028 cents/kWh 0.027 cents/kWh
General Service 100% Load Factor	0.026 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.027 cents/kWh 0.027 cents/kWh 0.026 cents/kWh
Curtable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.025 cents/kWh 0.025 cents/kWh 0.025 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.025 cents/kWh 0.025 cents/kWh 0.025 cents/kWh
Lighting	0.021 cents/kWh

TECO:

Rate Class	Factors by Voltage Level (cents/kWh)
RS	0.063
GS, CS	0.060
GSD/GSDT, SBD/SBDT, GSD Optional	
Secondary	0.056
Primary	0.056
Transmission	0.055
GSLDPR/GSLDTPR/SBLDPR/SBLDTPR	0.048
GSLDSU/GSLDTSU/SBLDPR/SBLDTPR	0.051
LS1, LS2	0.038
Total	0.059

TECO has certain proposals pending in its current base rate case in Docket No. 20240026-EI that may affect the company’s environmental cost recovery charges

and associated tariffs. The above cost recovery clause factors may be amended to reflect revisions ordered by the Commission in that docket.

ISSUE 8: **What should be the effective date of the new environmental cost recovery factors for billing purposes?**

STIPULATION:

The factors shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2025 through December 2025. Billing cycles may start before January 1, 2025 and the last cycle may read after December 31, 2025, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges will continue in effect until modified by the Commission.

ISSUE 9: **Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?**

STIPULATION:

Yes. The Commission shall approve revised tariffs reflecting the environmental cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. The Commission should also grant staff administrative authority to approve revised tariffs reflecting amended cost recovery clause factors that incorporate any revisions that are necessary as a result of the Commission's decision in TECO's current base rate case in Docket No. 20240026-EI.

ISSUE 10: **Should this docket be closed?**

STIPULATION:

No. While a separate docket number is assigned each year for administrative convenience, this is a continuing docket and shall remain open.

COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

Duke Energy Florida, LLC (DEF)

ISSUE 11: Should the Commission approve DEF's Citrus Combined Cycle (CCC) Water Treatment System Project for cost recovery through the ECRC?

STIPULATION:

Yes. DEF's proposed CCC Water Treatment System project meets the recovery criteria established in Order No. 94-044-FOF-EI, in that:

- a) All expenditures will be prudently incurred after April 13, 1993;
- b) The activities are legally required to comply with a governmentally imposed environmental regulation enacted, became effective, or whose effect was triggered after the Company's last test year which rates are based; and
- c) None of the expenditures are being recovered through some other cost recovery mechanism or through base rates.

On January 10, 2023, the Florida Department of Environmental Protection ("FDEP") issued Administrative Order AO-052SWD22 ("AO") to provide an interim limit and compliance schedule to address exceedances of the Manganese ground water standard following the February 7, 2023 permit amendment which designated Citrus Combined Cycle compliance wells and implemented a site-specific manganese ground water standard based on background conditions. The AO was issued to provide DEF guidance on bringing the newly-designated compliance well up to standard.²

ISSUE 12: How should the approved costs related to DEF's CCC Water Treatment System Project be allocated to the rate classes?

STIPULATION:

O&M and Capital costs associated with the CCC Water Treatment System Program should be allocated to rate classes on a Demand basis.

² DEF is not subject to an enforcement action or found in violation of any permit or regulation associated with this project.

Tampa Electric Company (TECO)

ISSUE 13: Should the Commission approve TECO's Bayside 316 (a) Thermal Variance Study Project for cost recovery through the ECRC?

STIPULATION:

Yes, the Commission should approve TECO's Bayside 316(a) Thermal Variance Study Project for cost recovery through the ECRC. The costs for this study are necessary to comply with a governmentally imposed environmental regulation which was enacted in 1972, and requested to be updated in the issuance of Bayside's latest National Pollutant Discharge Elimination System Permit dated December 9, 2022. This occurred after the company's last test year of 2022 and the costs for the study are not recovered through any other cost recovery mechanism or base rates.

ISSUE 14: How should the approved costs related to TECO's Bayside (a) Thermal Variance Study Project be allocated to the rate classes?

STIPULATION:

The approved costs related to TECO's Bayside 316(a) Thermal Variance Study Project should be allocated as an Energy-related cost as shown in the Company's 2025 Projection, Form 42-6P, Column "(3)"

Based on the foregoing, it is

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

ORDERED that each utility that was a party to this docket shall abide by the stipulations and findings herein which are applicable to it. It is further

ORDERED that the utilities named herein are authorized to collect the environmental cost recovery amounts and use the factors approved herein beginning with the first billing cycle for 2025. The first billing cycle may start before January 1, 2025, and thereafter, the environmental cost recovery factors shall remain in effect until modified by this Commission. It is further

ORDERED that the Environmental Cost Recovery Clause docket is an on-going docket and shall remain open.

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By ORDER of the Florida Public Service Commission this 22nd day of November, 2024.



ADAM J. TETZMAN

Commission Clerk

Florida Public Service Commission

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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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.

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 Office of Commission Clerk, 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 Office of Commission Clerk, 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.