

John T. Butler RECEIVED-FPSC **Managing Attorney** Florida Power & Light Company 700 Universe Boulevard AUG - 2 PM 3: 58 Juno Beach, FL 33408-0420 (561) 691-7135 (Facsimile) E-mail: john.butler@fpl.com

August 2, 2010

# -VIA HAND DELIVERY -

Ms. Ann Cole Commission Clerk Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850

#### **Docket No. 100007-EI** Re:

Dear Ms. Cole:

I am enclosing for filing in the above docket the following:

- 1. The original and seven (7) copies of Florida Power & Light Company's ("FPL") Petition for Approval of the Environmental Cost Recovery Estimated/Actual True-Up for the Period January 2010 Through December 2010 and new activities under the St. Lucie Turtle Net and CAIR Compliance Projects.
- 2. The Original and fifteen (15) copies of the prefiled testimony and exhibits of FPL's Witnesses T.J Keith and R.R LaBauve.

Also included herewith is a CD containing the electronic file of FPL's Petition for Approval of the Environmental Cost Recovery Estimated/Actual True-up and new activities under the St. Lucie Turtle and CAIR Compliance Projects.

If there are any questions regarding this transmittal, please contact me at 561-304-5639.

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Sincerely,

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an FPL Group company

## **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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IN RE: Environmental Cost Recovery Clause Docket No. 100007-EI Filed: August 2, 2010

## PETITION FOR APPROVAL OF THE ENVIRONMENTAL COST RECOVERY ESTIMATED/ACTUAL TRUE-UP FOR THE PERIOD JANUARY 2010 THROUGH DECEMBER 2010 AND FOR APPROVAL OF NEW ACTIVITIES UNDER THE ST. LUCIE TURTLE NET PROJECT AND CAIR COMPLIANCE PROJECT

Florida Power & Light Company ("FPL") pursuant to Order No. PSC-93-1580-FOF-EI, hereby petitions this Commission to approve the calculation of its Environmental Cost Recovery ("ECR") Estimated/Actual True-up over-recovery of \$35,697,142, including interest, for the period January 2010 through December 2010 and to approve new activities under FPL's St. Lucie Turtle Net Project and CAIR Compliance Project, such that the reasonable costs incurred by FPL in connection with those activities may be recovered through the ECR clause. In support of this Petition, FPL incorporates the prepared written testimony of, and documents sponsored by, FPL witnesses T.J. Keith and R.R. LaBauve.

1. Section 366.8255 of the Florida Statutes, which became effective on April 13, 1993, authorizes the Commission to review and approve the recovery of prudently incurred Environmental Compliance Costs.

2. Order No. PSC-99-2513-FOF-EI, issued on December 22, 1999, requires utilities to file their current period estimated/actual true-ups at least 90 days prior to the ECR clause hearing. The hearing in this docket is scheduled to commence on November 1, 2010, which is more than 90 days after the filing of this petition.

3. The calculation of the ECR Estimated/Actual True-up amount for the period January 2010 through December 2010 is contained in Commission Schedules 42-1E through 42-8E, which are attached as Appendix I to Mr. Keith's testimony.

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4. FPL's ECR Estimated/Actual True-up over-recovery for the period January 2010 through December 2010 is \$35,697,142, as set forth in the testimony and exhibits of Mr. Keith. Pursuant to Order No. PSC-02-1735-FOF-EI, FPL has included actual costs for the period January 2010 through June 2010 and revised estimates for the period July 2010 through December 2010.

5. Mr. LaBauve's prepared testimony and documents present and support a new activity under FPL's currently approved St. Lucie Turtle Net Project. Mr. LaBauve's testimony and documents describe the new activity, identify the environmental law or regulation requiring the new activity, the forecasted costs associated with the new activity, and a description of the steps FPL is taking to ensure that the environmental compliance costs to be incurred by FPL pursuant to the new activity are prudent. This information shows that the new activity meets the requirements for recovery set forth in Section 366.8255 of the Florida Statutes and that the forecasted environmental compliance costs associated with it are reasonable.

6. The St. Lucie Turtle Net Project is required by the Incidental Take Statement contained in the Endangered Species Act (ESA) Section 7 Biological Opinion, issued to FPL on May 4, 2001 by the National Marine Fisheries Service (NMFS) that limits the number of lethal turtle takings FPL is permitted at its St. Lucie Plant. Additionally, Appendix B of the Facility Operating License for St. Lucie Unit 2, which was granted to FPL by the United States Nuclear Regulatory Commission (NRC), requires FPL to maintain a specified net system and to limit lethal takes of sea turtles to prescribed levels. The purpose of the new activity under the St. Lucie Turtle Net Project is to address an unforeseen intrusion of large quantities of algae occurring in 2009, which damaged the structure securing the net. Currently a temporary structure is in place, but in order to remain in compliance with Section 7 of the ESA and Appendix B, FPL plans to remove damaged piles, install new piles, and mobilize barges and cranes to conduct the planned work of installing a new permanent support structure.

7. Mr. LaBauve's prepared testimony and documents also present and support a new activity under FPL's currently approved CAIR Compliance Net Project. Mr. LaBauve's testimony and documents describe the new activity, identify the environmental law or regulation requiring the new activity, the forecasted costs associated with the new activity, and a description of the steps FPL is taking to ensure that the environmental compliance costs to be incurred by FPL pursuant to the new activity are prudent. This information shows that the new activity meets the requirements for recovery set forth in Section 366.8255 of the Florida Statutes and that the forecasted environmental compliance costs associated with it are reasonable.

8. The CAIR Compliance Project comprises the activities FPL has undertaken and plans to undertake at various power plants to comply with the SO2 and NOx air emission budgets imposed by the United States Environmental Protection Agency's ("EPA's") Clean Air Interstate Rule ("CAIR") and related state laws. In cooperation with Georgia Power Company ("GPC"), a baghouse, scrubber and SCR are being installed at Scherer Unit 4 to comply with CAIR and Georgia Multipollutant Rule requirements. As a result of the power requirements to operate that equipment, approximately 35 MW of generation output is lost to station service. FPL, in cooperation with GPC, has identified an opportunity to improve the performance and efficiency of the steam turbine at Scherer Unit 4, which is projected to result in a gain in unit output of 35MW. Thus, the upgrade to the steam turbine will substantially offset the additional parasitic loads imposed by the baghouse, scrubber and SCR. The capital costs for the steam turbine upgrade are projected to be approximately \$5 million - \$7 million and the upgrade will result in fuel savings of approximately \$30 million - \$35 million on an NPV basis.

WHEREFORE, FPL respectfully requests the Commission to approve the ECR Estimated/Actual True-up amount requested herein for the period January 2010 through December 2010 and to approve the new activities under the St. Lucie Turtle Net Project and CAIR Compliance Project described above and in Mr. LaBauve's testimony and documents, such that the reasonable

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costs incurred by FPL in connection with those new activities may be recovered through the ECR

clause.

Respectfully submitted,

R. Wade Litchfield, Esq. Vice President and General Counsel John T. Butler, Esq. Managing Attorney Florida Power & Light Company 700 Universe Boulevard Juno Beach, Florida 33408-0420 Telephone: 561-304-5639 Fax: 561-691-7135

By: <u>Aance Aedmith</u> John T. Butler Florida Bar No. 283479

#### CERTIFICATE OF SERVICE Docket No. 100007-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition for Approval of Environmental Cost Recovery Estimated/Actual True-up for the Period January 2010 through December 2010 has been furnished by hand delivery (\*) or U.S. Mail this 2<sup>nd</sup> day of August, 2010, to the following:

Martha Brown, Esq. (\*) Division of Legal Services Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, Florida 32399-0850

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