

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 20210007-EI
ORDER NO. PSC-2021-0426-FOF-EI
ISSUED: November 17, 2021

The following Commissioners participated in the disposition of this matter:

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

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

APPEARANCES:

MARIA JOSE MONCADA, DAVID LEE, RUSSELL A. BADDERS, and
WADE LITCHFIELD, ESQUIRES, 700 Universe Boulevard, Juno Beach,
Florida 33408

On behalf of FLORIDA POWER & LIGHT COMPANY (FPL) and GULF
POWER COMPANY (GULF).

DIANNE M. TRIPLETT, ESQUIRE, 299 First Avenue North, St. Petersburg,
Florida 33701 and MATTHEW R. BERNIER, and STEPHANIE CUELLO,
ESQUIRES, 106 East College Avenue, Suite 800, Tallahassee, Florida 32301

On behalf of DUKE ENERGY FLORIDA, LLC (DEF).

JAMES D. BEASLEY, J. JEFFRY WAHLEN, and MALCOLM N. MEANS,
ESQUIRES, Post Office Box 391, Tallahassee, Florida 32302

On behalf of TAMPA ELECTRIC COMPANY (TECO).

RICHARD GENTRY, CHARLES REHWINKEL, STEPHANIE A. MORSE,
MARY A. WESSLING, PATRICIA A. CHRISTENSEN, and ANASTACIA
PIRRELLO, ESQUIRES, 111 West Madison Street, Room 812, Tallahassee,
Florida 32399-1400

On behalf of OFFICE OF PUBLIC COUNSEL (OPC).

JON C. MOYLE, JR. and KAREN PUTNAL, ESQUIRES, 118 North Gadsden Street, Tallahassee, Florida 32312

On behalf of FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG).

JAMES W. BREW, and LAURA WYNN BAKER, ESQUIRES, 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).

PETER J. MATTHEIS, and MICHAEL K. LAVANGA, ESQUIRES, 1025 Thomas Jefferson Street, NW, Eighth Floor, West Tower, Washington D.C. 20007

On behalf of Nucor Steel Florida, Inc. (NUCOR).

CHARLES MURPHY, and JACOB IMIG, 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.

BACKGROUND

As part of the Florida Public Service Commission's (Commission) continuing Environmental Cost Recovery Clause (ECRC) proceeding, undertaken pursuant to Section 366.8255, Florida Statutes (F.S.), a hearing was held in this Docket on November 2, 2021. The ECRC proceeding allows investor-owned electric utilities to seek recovery of their costs for approved environmental programs on an annual basis.

DECISION

We approve the Type 2¹ stipulations for all issues, as set forth below, as reasonable and supported by competent and substantial evidence. Duke Energy Florida (DEF), Florida Power & Light Company (FPL), Gulf Power Company (Gulf), Tampa Electric Company (TECO), and

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.

Commission staff supported the proposed stipulations. Florida Industrial Power Users Group (FIPUG), PCS Phosphate and Office of Public Counsel (OPC) took no positions on the issues. The OPC position on each Type 2 stipulation 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.

Generic Issues

1. Environmental Cost Recovery True-Up Amounts for the Period January 2020 Through December 2020

The final environmental cost recovery true-up amounts for period ending December 31, 2020, are:

FPL	\$14,657,307	Over-recovery
GULF	\$2,150,848	Under-recovery
DEF	\$231,488	Over-recovery
TECO	\$4,237,191	Over-recovery

2. Actual/Estimated Environmental Cost Recovery True-Up Amounts for the Period January 2021 Through December 2021

The estimated/actual environmental cost recovery true-up amounts for the period of January 2021, through December 2021, are:

FPL	\$2,748,378	Over-recovery
GULF	\$3,816,668	Over-recovery
DEF	\$1,596,750	Over-recovery
TECO	\$4,289,623	Under-recovery

3. Projected Environmental Cost Recovery Amounts for the Period January 2022 Through December 2022

The projected environmental cost recovery amounts for the period of January 2022, through December 2022, are:

FPL/GULF	\$364,050,992
DEF	\$12,277,061
TECO	\$26,342,444

4. Environmental Cost Recovery Amounts, Including True-Up Amounts, for the Period January 2022 Through December 2022

The environmental cost recovery amounts, including true-up amounts, for the period January 2022, through December 2022, are:

FPL/GULF	\$344,979,487
DEF	\$10,448,824
TECO	\$26,413,881

5. Depreciation Rates to be Used to Develop the Depreciation Expense Included in the Total Environmental Cost Recovery Amounts for the Period January 2022 through December 2022

The depreciation rates used to calculate depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service. FPL will use the depreciation rates that are ultimately approved by the Commission in Docket No. 20210015-EI. Depreciation rates agreed to in TECO's 2021 Settlement Agreement, and effective January 1, 2022 were applied to TECO's 2022 projection.

6. Jurisdictional Separation Factors for the Projected Period January 2022 through December 2022

The appropriate jurisdictional separation factors for the period January 2022, through December 2022, are as follows:

FPL/GULF: Retail Energy Jurisdictional Factor - Base/Solar 95.8917%
Retail Energy Jurisdictional Factor - Intermediate 94.7558%
Retail Energy Jurisdictional Factor - Peaking 95.7721%
Retail Demand Jurisdictional Factor - Transmission 90.2581%
Retail Demand Jurisdictional Factor - Base/Solar 95.9314%
Retail Demand Jurisdictional Factor - Intermediate 95.4287%
Retail Demand Jurisdictional Factor - Peaking 95.1837%
Retail Demand Jurisdictional Factor - General Plant 96.9001%
Retail Demand Jurisdictional Factor - Distribution 100.0000%

DEF: Transmission Average 12 CP Demand – 71.994%
Distribution Primary Demand – 100.000%

Production Demand:
Production Base – 92.865%
Production Intermediate – 88.321%
Production Peaking – 90.678%

TECO: Energy: 100.00%
Demand: 100.00%

7. Environmental Cost Recovery Factors for the Period January 2022 through December 2022 for Each Rate Group

The appropriate environmental cost recovery factors for the period January 2022, through December 2022, for each rate group are as follows:

FPL/GULF:

Rate Class	Environmental Cost Recovery Factor (cents/kWh)
RS1/RTR1	0.299
GS1/GST1	0.309
GSD1/GSDT1/HLFT1/GSD1-EV	0.267
OS2	0.205
GSLD1/GSLDT1/CS1/CST1/HLFT2/GSLD1-EV	0.269
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.234
GSLD3/GSLDT3/CS3/CST3	0.216
SST1T	0.277
SST1D1/SST1D2/SST1D3	0.511
CILC D/CILC G	0.224
CILC T	0.199
MET	0.247
OL1/SL1/SL1M/PL1	0.046
SL2/SL2M/GSCU1	0.206
Total	0.283

DEF:

RATE CLASS	ECRC FACTORS
Residential	0.028 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.027 cents/kWh 0.027 cents/kWh 0.026 cents/kWh
General Service 100% Load Factor	0.024 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.025 cents/kWh 0.025 cents/kWh 0.025 cents/kWh
Curtable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.022 cents/kWh 0.022 cents/kWh 0.022 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.023 cents/kWh 0.023 cents/kWh 0.023 cents/kWh
Lighting	0.020 cents/kWh

TECO:

<u>Rate Class</u>	<u>Factor (¢/kWh)</u>
RS	0.138
GS, CS	0.135
GSD, SBF	
Secondary	0.130
Primary	0.129
Transmission	0.128
GSLDPR	0.123
GSLDSU	0.120
LS1, LS2	0.113
Average Factor	0.133

8. Effective Date of the New Environmental Cost Recovery Factors for Billing Purposes

The factors shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2022 through December 2022. Billing cycles may start before January 1, 2022 and the last cycle may read after December 31, 2022, 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.

9. Commission Approval of Revised Tariffs Reflecting the Environmental Cost Recovery Amounts and Environmental Cost Recovery Factors Determined to be Appropriate in this Proceeding

The Commission shall approve revised tariffs reflecting the environmental cost recovery factors determined to be appropriate in this proceeding. Staff shall verify that the revised tariffs are consistent with the Commission's decision.

10. Docket to Remain Open

While a separate docket number is assigned each year for administrative convenience, this is a continuing docket and shall remain open.

FPL/Gulf Specific Issues

11. FPL's Miami-Dade Clean Water Recovery Center Project

In accordance with Section 366.8255(1)(d)9., F.S., FPL shall be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Miami-Dade Clean Water Recovery Center Project. The total capital costs are estimated to be approximately \$315 million, incurred between August 2021, and the end of 2025.

O&M expenses are not anticipated until the facility becomes operational (estimated to be at the end of 2024). Thereupon, FPL shall be allowed to recover prudently-incurred O&M expenses that exceed \$6.5 million on an annual basis.

12. Allocation of Costs Associated With FPL's Miami-Dade Clean Water Recovery Center Project

O&M and Capital costs associated with FPL's proposed Miami-Dade Clean Water Recovery Center Project shall be allocated to rate classes based on 100% CP Demand.

13. Modification to FPL's Lowest Quality Water Source Project

In Order No. PSC-03-1348-FOF-EI, the Commission approved cost recovery of FPL's Lowest Quality Water Source Project through the ECRC. The proposed modifications to the Lowest Quality Water Source Project meet the criteria for recovery through the ECRC, and the associated costs shall be approved.

Based on the foregoing, it is

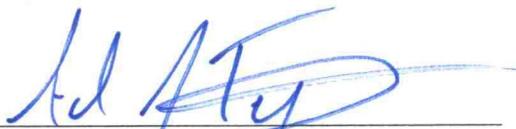
ORDERED by the Florida Public Service Commission that the stipulations and findings set forth in the body of this order are hereby approved. It is further

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 2022. The first billing cycle may start before January 1, 2022, 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.

By ORDER of the Florida Public Service Commission this 17th day of November, 2021.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

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

CWM/JDI

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.