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July 26, 2024

-VIA ELECTRONIC FILING-

Adam Teitzman
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 20240007-EI

Dear Mr. Teitzman:

Attached for electronic filing in the above docket is the prepared testimony of Florida Power & Light Company ("FPL") witness Katharine MacGregor. This testimony is submitted in support of FPL's Petition for Approval of Environmental Cost Recovery Actual/Estimated True-Up for the Year 2024.

Please feel free to contact me with any questions regarding this filing.

Sincerely,

s/ Maria Jose Moncada

Maria Jose Moncada

Attachments

cc: Counsel for Parties of Record (w/ attachments)

:22276726

CERTIFICATE OF SERVICE
Docket No. 20240007-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic service on this 26th day of June 2024 to the following:

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF KATHARINE MACGREGOR**

4 **DOCKET NO. 20240007- EI**

5 **JULY 26, 2024**

6

7 **Q. Please state your name and address.**

8 A. My name is Katharine MacGregor and my business address is 700 Universe
9 Boulevard, Juno Beach, Florida 33408.

10 **Q. By whom are you employed and in what capacity?**

11 A. I am employed by NextEra Energy, Inc. as Vice President of Environmental
12 Services.

13 **Q. Have you previously filed testimony in this Environmental Cost Recovery
14 Clause (“ECRC”) docket?**

15 A. Yes.

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to explain the reasons for significant variances in
18 costs associated with operation and maintenance (“O&M”) expenses and capital
19 investments included in FPL’s ECRC actual/estimated true-up for the period of
20 January 2024 through December 2024. This is based on five months of actual
21 data and seven months of estimated data.

22

1 Variance Explanations

2 **Q. How do the actual/estimated project O&M and capital revenue requirements**
3 **for January 2024 through December 2024 compare with original projections**
4 **for the same period?**

5 A. Form 42-4E shows that the variance in total project O&M was \$6.9 million, or
6 19.6%, higher-than-projected, and Form 42-6E shows that the variance in total
7 revenue requirements associated with the project capital investments
8 (depreciation, amortization, income taxes and return on capital investments) were
9 \$13.6 million, or 3.8%, higher-than-projected. Individual project variances are
10 provided on Forms 42-4E and 42-6E. Revenue requirements for each capital
11 project for the period January 2024 through December 2024 are provided on Form
12 42-8E. The calculation of revenue requirements is sponsored by FPL witness
13 Richard L. Hume, who also provides testimony identifying and explaining a
14 significant capital revenue requirement variance.

15 **Q. Aside from the variance addressed by FPL witness Hume, please explain the**
16 **reasons for the significant variances in project O&M expenses and capital**
17 **revenue requirements**

18 A. The significant variances in FPL's 2024 actual/estimated O&M expenses and
19 capital revenue requirements from original projections are associated with the
20 following projects:

1 **O&M Variance Explanations**

2 **Project 3. Continuous Emission Monitoring Systems**

3 Project expenses are estimated to be \$100,337, or 14.1%, higher-than-projected.
4 The variance is primarily due to ECRC costs for Plant Daniel Continuous
5 Emission Monitoring Systems (“CEMS”) mistakenly being booked to the Air
6 Quality Compliance Project in 2023. The costs were booked to the appropriate
7 CEMS ECRC project in March 2024.

8
9 **Project 5. Maintenance of Stationary Above Ground Fuel Storage Tanks**

10 Project expenses are estimated to be \$274,254, or 117.0%, higher-than-projected.
11 The variance is primarily due to having inadvertently omitted from the 2024
12 ECRC Projection filing costs for the Martin Terminal Fuel tank internal and
13 external inspections. These costs are now included in the 2024 ECRC
14 actual/estimated filing.

15
16 **Project 11. Air Quality Compliance**

17 Project expenses are estimated to be \$3,801,421, or 70.4%, higher-than-projected.
18 The variance is primarily due to additional costs associated with Plant Daniel and
19 Plant Scherer that could not be determined at the time FPL prepared its 2024
20 ECRC Projection Filing. Increased costs for Plant Daniel include installation of
21 an Underground Injection Control well liner and pump, sedimentation and
22 gypsum pond evaporators, as well as additional wastewater treatment costs.
23 Increased costs for Plant Scherer include the limestone silo replacement project,

1 scrubber digital control system upgrade, as well as baghouse and limestone
2 handling expenses.

3

4 **Project 37. DeSoto Next Generation Solar Energy Center**

5 Project expenses are estimated to be \$152,040, or 28.4%, lower-than-projected.

6 The variance is primarily due to lower maintenance expenses during the first half
7 of the year.

8

9 **Project 41. Manatee Temporary Heating System**

10 Project expenses are estimated to be \$67,577, or 90.9%, higher-than-projected.

11 The variance is due to additional biological monitoring required by the Florida
12 Fish and Wildlife Conservation Commission (“FWC”) for the Dania Beach
13 Energy Center (“DBEC”). FWC requested an additional year of post-construction
14 monitoring in November 2023. Biological monitoring of manatees is required by
15 the FDEP-issued conditions of certification for the DBEC.

16

17 **Project 47. NPDES Permit Renewal Requirements**

18 Project expenses are estimated to be \$106,860, or 56.1%, higher-than-projected.

19 The variance is primarily due to costs for the Turkey Point impoundment integrity
20 inspection. The underwater berm inspection and the annual topside berm
21 inspection were completed in 2023; however, the payment was booked in January
22 of 2024.

1 **Project 50. Steam Electric Effluent Guidelines Revised Rules**

2 Project expenses are estimated to be \$3,001,988, or 151.9%, higher-than-
3 projected. The variance is primarily due to Plant Scherer Effluent Limitations
4 Guidelines (“ELG”) compliance project costs associated with FPL Unit 4’s share
5 of the plant’s common costs. On May 9, 2024, the United States Environmental
6 Protection Agency (“EPA”) published final revisions to the agency’s 2020 ELG
7 rule establishing more stringent wastewater discharge standards for coal-fired
8 power plants, including flue gas desulfurization wastewater and combustion
9 residual leachate. Now that final revisions to the rule have been published,
10 contract negotiations are ongoing for items with long lead times for the Scherer
11 ELG wastewater treatment system. The project timing and cost estimates have
12 been refined to represent the latest project information available. A request for
13 proposals is also being developed for the gypsum cell rain cover project.
14 Mobilization for the gypsum cell rain cover is tentatively scheduled for first
15 quarter 2025.

16
17 **Project 54. Coal Combustion Residuals**

18 Project expenses are estimated to be \$165,009, or 6.4%, higher-than-projected.
19 The variance is primarily due to increased costs required for compliance with
20 revisions to the Federal Coal Combustion Residuals (“CCR”) regulation that are
21 partially offset by a reduction in costs for Plant Scherer. On April 24, 2024, EPA
22 finalized revisions to the CCR rule, expanding its scope to include legacy CCR
23 impoundments and other CCR management units. Required facility evaluations

1 commenced in July 2024 to evaluate and delineate potential CCR management
2 units at the Gulf Clean Energy Center, Plant Smith, and Plant Scholz that could be
3 subject to the rule. The associated site evaluation and groundwater modeling
4 costs have been added to the 2024 CCR budget forecast. The increased costs
5 were partially offset by a reduction in the Scherer CCR management costs
6 resulting from cancelling construction of a third fly ash storage tank.

7 8 **Capital Variance Explanations**

9 **Project 23. SPCC - Spill Prevention, Control, and Countermeasures**

10 Project revenue requirements are estimated to be \$474,655, or 12.4%, lower than
11 previously projected. The variance is primarily due to postponing construction of
12 the Ft. Lauderdale permanent oil boom project to 2026 or later.

13 14 **Project 34. St. Lucie Cooling Water System Inspection & Maintenance**

15 Project revenue requirements are estimated to be \$139,005, or 21.0%, lower-than-
16 projected due to changes to the Plant St. Lucie (“PSL”) cooling water intake
17 structure project schedule. FPL must design, test, construct, and implement a
18 deterrent at the three PSL intake structures by January 1, 2028, to comply with the
19 Biological Opinion issued by the National Marine Fisheries Service (“NMFS”) in
20 August 2022. The deterrent is required to reduce impacts to sea turtles, smalltooth
21 sawfish, and giant manta rays. FPL met with the NMFS and the NRC in August
22 2023 to discuss plans for the project and potential options to conduct research on
23 the efficacy of conceptual deterrents. Prior to testing and construction of a

1 deterrent offshore, FPL must implement the research plan which includes up to
2 two years of onshore research. This will delay offshore testing and associated
3 construction costs to the 2027 timeframe and reduce the originally projected 2024
4 capital costs.

5
6 **Project 54. Coal Combustion Residuals**

7 Project revenue requirements are estimated to be \$7,624,647, or 19.4%, higher-
8 than-projected due to changes to the schedule for the new Plant Smith wastewater
9 ponds. The project is forecast to be completed three months earlier than
10 originally anticipated, leading to an increase in the accumulated depreciation cost.

11
12 **Project 123. The Protected Species Project**

13 Project revenue requirements are estimated to be \$199,053, or 76.5%, lower-than-
14 projected due to construction of the Ft. Myers sawfish barrier project being
15 rescheduled to 2025. During 2023, FPL completed bathymetric surveys and
16 preliminary engineering services required to prepare initial project design
17 drawings. FPL also held pre-application meetings with NMFS in late 2023.
18 During 2024, FPL will finalize the project design and submit required permit
19 applications in preparation to begin construction in 2025.

20 **Q. Does this conclude your testimony?**

21 A. Yes.