

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 20200007-EI  
ORDER NO. PSC-2020-0433-FOF-EI  
ISSUED: November 13, 2020

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman  
ART GRAHAM  
JULIE I. BROWN  
DONALD J. POLMANN  
ANDREW GILES FAY

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

APPEARANCES:

MARIA JOSE MONCADA, ESQUIRE, and DAVID LEE, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408  
On behalf of FLORIDA POWER & LIGHT COMPANY (FPL).

RUSSELL A. BADDERS, ESQUIRE, One Energy Place, Pensacola, Florida 32520-0100 and MARIA JOSE MONCADA, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408  
On behalf of GULF POWER COMPANY (Gulf).

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

JAMES D. BEASLEY, ESQUIRE, J. JEFFRY WAHLEN, ESQUIRE, and MALCOLM N. MEANS, ESQUIRE, Post Office Box 391, Tallahassee, Florida 32302  
On behalf of TAMPA ELECTRIC COMPANY (TECO).

JON C. MOYLE, JR., ESQUIRE and KAREN PUTNAL, ESQUIRE, 118 North Gadsden Street, Tallahassee, Florida 32312  
On behalf of FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG).

JAMES W. BREW, ESQUIRE, and LAURA WYNN BAKER, ESQUIRE, 1025 Thomas Jefferson Street, NW, Eighth Floor, West Tower, Washington, D.C. 20007

On behalf of PCS PHOSPHATE (PCS).

JR KELLY, ESQUIRE, PATRICIA A. CHRISTENSEN, ESQUIRE, THOMAS A. (TAD) DAVID, ESQUIRE, A. MIREILLE FALL-FRY, ESQUIRE, STEPHANIE MORSE, ESQUIRE, and CHARLES REHWINKEL, ESQUIRE, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400

On behalf of OFFICE OF THE PUBLIC COUNSEL (OPC).

CHARLES MURPHY, ESQUIRE, 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 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 3, 2020. 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 2<sup>1</sup> stipulation of all issues as set forth below. DEF, FPL, Gulf, TECO and Commission staff supported the proposed stipulations. FIPUG, PCS Phosphate and OPC took no positions on the issues. The OPC position on each Type 2 stipulation follows:

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<sup>1</sup> 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.

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. Final Environmental Cost Recovery True-up Amounts for the Period January 2019 through December 2019**

FPL	\$14,087,943	Over-recovery
DEF	\$1,792,439	Under-recovery
TECO	\$3,987,915	Over-recovery
GULF	\$5,891,843	Over-recovery

**2. Actual/Estimated Environmental Cost Recovery True-up Amounts for the Period January 2020 through December 2020**

FPL	\$4,763,785	Over-recovery
DEF	\$8,097,179	Over-recovery
TECO	\$7,841,176	Under-recovery
GULF	\$2,837,159	Over-recovery

**3. Projected Environmental Cost Recovery Amounts for the Period January 2021 through December 2021**

FPL	\$176,174,665
DEF	\$44,725,047
TECO	\$48,192,906
Gulf	\$197,635,007

**4. Environmental Cost Recovery Amounts, Including True-up Amounts, for the Period January 2021 through December 2021**

FPL	\$157,436,210
DEF	\$38,447,970
TECO	\$52,083,641
Gulf	\$189,042,018

**5. Depreciation Rates to be Used to Develop the Depreciation Expense Included in the Total Environmental Cost Recovery Amounts for the Period January 2021 through December 2021**

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, with the following exception: TECO -- Big Bend Fuel Oil Tanks 1 & 2, which were retired in 2016, will be depreciated over a five-year period from the date of retirement.

**6. Jurisdictional Separation Factors for the Projected Period January 2021 through December 2021**

The appropriate jurisdictional separation factors for the period January 2021 through December 2021 are as follows:

**FPL:**

- Retail Energy Jurisdictional Factor - Base/Solar 95.6788%
- Retail Energy Jurisdictional Factor - Intermediate 94.9979%
- Retail Energy Jurisdictional Factor - Peaking 95.2675%
- Retail Demand Jurisdictional Factor - Transmission 90.2300%
- Retail Demand Jurisdictional Factor - Base/Solar 95.6891%
- Retail Demand Jurisdictional Factor - Intermediate 95.0081%
- Retail Demand Jurisdictional Factor - Peaking 95.2778%
- Retail Demand Jurisdictional Factor - General Plant 96.9888%
- Retail Demand Jurisdictional Factor - Distribution 100.0000%

**DEF:** The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total kWh sales. The remaining separation factors are below and are consistent with DEF's 2017 Second Revised and Restated Stipulation and Settlement Agreement ("2017 Agreement") approved in Order No. PSC-2017-0451-AS-EU.

Transmission Average 12 CP Demand – 70.203%

Distribution Primary Demand – 99.561%

Production Demand:

Production Base – 92.885%

Production Intermediate – 72.703%

Production Peaking – 95.924%

Production A&G – 93.221%

**TECO:** Energy: 100.00%  
Demand: 100.00%

**GULF:** Retail Energy Jurisdictional Factor - Base 100.0000%  
Retail Energy Jurisdictional Factor - Intermediate 97.5922%  
Retail Energy Jurisdictional Factor - Peaking 76.0860%  
Retail Demand Jurisdictional Factor - Transmission 97.2343%  
Retail Demand Jurisdictional Factor - Base 100.0000%  
Retail Demand Jurisdictional Factor - Intermediate 97.5922%  
Retail Demand Jurisdictional Factor - Peaking 76.0860%  
Retail Demand Jurisdictional Factor - General Plant 96.9888%  
Retail Demand Jurisdictional Factor - Distribution 98.1419%

**7. Environmental Cost Recovery Factors for the Period January 2021 through December 2021 for Each Rate Group**

The appropriate environmental cost recovery factors for the period January 2021 through December 2021 for each rate group are as follows:

**FPL:**

<b>Rate Class</b>	<b>Environmental Cost Recovery Factor (cents/kWh)</b>
RS1/RTR1	0.149
GS1/GST1	0.150
GSD1/GSDT1/HLFT1/GSD1-EV	0.133
OS2	0.080
GSLD1/GSLDT1/CS1/CST1/HLFT2/ GSLD1-EV	0.135
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.114
GSLD3/GSLDT3/CS3/CST3	0.110
SST1T	0.110
SST1D1/SST1D2/SST1D3	0.175
CILC D/CILC G	0.113
CILC T	0.102
MET	0.122
OL1/SL1/SL1M/PL1	0.027
SL2/SL2M/GSCU1	0.104
Total	0.141

**DEF:**

<b>RATE CLASS</b>	<b>ECRC FACTORS</b>
Residential	0.099 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.098 cents/kWh 0.097 cents/kWh 0.096 cents/kWh
General Service 100% Load Factor	0.095 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.096 cents/kWh 0.095 cents/kWh 0.094 cents/kWh
Curtable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.091 cents/kWh 0.090 cents/kWh 0.089 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.093 cents/kWh 0.092 cents/kWh 0.091 cents/kWh
Lighting	0.091 cents/kWh

**TECO:**

<b><u>Rate Class</u></b>	<b><u>Factor (¢/kWh)</u></b>
RS	0.269
GS, CS	0.269
GSD, SBF	
Secondary	0.265
Primary	0.262
Transmission	0.260
IS	
Secondary	0.257
Primary	0.254
Transmission	0.252
LS1	0.258
Average Factor	0.267

**GULF:**

<b>Rate Class</b>	<b>Environmental Cost Recovery Factor (cents/kWh)</b>
RS, RSVP, RSTOU	1.992
GS	2.025
GSD, GSDT, GSTOU	1.628
LP, LPT	1.428
PX, PXT, RTP, SBS	1.405
OS-I/II	0.446
OS-III	1.290
Total	1.762

**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 2021 through December 2021. Billing cycles may start before January 1, 2021 and the last cycle may read after December 31, 2021, 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.



**Company-Specific Issues**

Duke Energy Florida, LLC

**11. Recovery of DEF's Costs for Anclote and Bartow Stations 316(b) Rule Compliance Plan Projects**

The Commission shall approve DEF's Anclote and Bartow Stations 316(b) Rule Compliance Plan Projects for cost recovery through the Environmental Cost Recovery Clause. In Order Nos. PSC-2004-0990-PAA-EI and PSC-2018-0014-FOF-EI, the Commission found that DEF's Section 316(b) of the Clean Water Act Program ("316(b) Program") met the criteria for recovery through the Environmental Cost Recovery Clause. DEF's Anclote and Bartow Stations 316(b) Compliance Plan Projects meet the criteria for recovery through the Environmental Cost Recovery Clause. DEF agrees that, after the Florida Department of Environmental Protection approves DEF's compliance plans for Bartow and Anclote, respectively, through the issuance of the NPDES permit renewals, it will present its compliance plans, for each plant, as part of a future ECRC docket and has the burden of proving its plan and any associated costs are prudent.

**12. Allocation of Environmental Cost Recovery Clause Costs Associated with DEF's Anclote and Bartow Stations 316(b) Rule Compliance Plan Projects**

Consistent with Order No. PSC-2018-0014-FOF-EI by which the Commission approved the cost allocation for DEF's 316(b) Program at Crystal River North, Capital and O&M costs for the Anclote and Bartow 316(b) Programs shall be allocated on a demand basis.

Florida Power & Light Company

**13. Recovery of FPL's Costs for Proposed Power Plant Intake Protected Species Project**

FPL shall be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Power Plant Intake Protected Species Project. Under the United States Endangered Species Act ("ESA") (16 U.S.C. § 1531 et seq.), the Marine Mammal Protection Act ("MMPA") (16 U.S.C. § 1361-1407) and Chapter 68A-27 of the Florida Administrative Code, FPL is required to avoid the "take" of species listed as endangered or threatened.

Recently, FPL power plants have had interactions with the smalltooth sawfish and the Florida manatee which are listed as an endangered and threatened species, respectively, under the ESA. FPL has received letters from NOAA Fisheries and the USFWS stating that pursuant to the ESA, FPL must undertake measures to address the unauthorized takes of these species. In order to prevent further take of the species, FPL plans to hire consultants to evaluate and recommend design solutions that will be proposed to the environmental agencies. FPL will implement the agreed upon solution.

Although included in FPL's proposal, the appropriateness of costs related to the manatee calf will be litigated in the 2021 hearing cycle.

**14. Allocation of Environmental Cost Recovery Clause Costs Associated with FPL's Proposed Power Plant Intake Protected Species Project**

O&M and Capital costs associated with FPL's proposed Power Plant Intake Protected Species Project shall be allocated to rate classes based on 100% CP Demand.

**15. Recovery of Costs Associated with Proposed Modification to FPL's Turkey Point Cooling Canal Monitoring Plan Project**

Although included in FPL's proposal, the appropriateness of costs related to proposed modification of the Turkey Point Cooling Canal Monitoring Plan Project will be litigated in the 2021 hearing cycle.

Based on the foregoing, it is

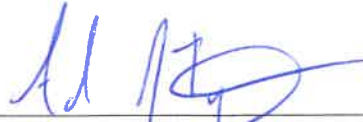
ORDERED by the Florida Public Service Commission that the stipulations and findings set forth in the body of this order are hereby approved. It is further

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 2021. The first billing cycle may start before January 1, 2021, 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 13th day of November, 2020.



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ADAM J. TEITZMAN  
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.

CWM

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.