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Sent: Friday, July 08, 2011 3:56 PM
To: Filings@psc.state.fl.us
Subject: Electronic Filing / Dkt 110007-EI / FPL's Preliminary List of New projects

Attachments: 7.8.11 FPL's Preliminary List of New Projects.pdf



7.8.11 FPL's Preliminary List of New Projects.pdf
Electronic Filing

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b. Docket No. 110007 - EI
In RE: Environmental Cost Recovery Clause

c. The Document is being filed on behalf of Florida Power & Light Company.

d. There are a total of 6 pages

e. The document attached for electronic filing is Florida Power & Light Company's Preliminary List of New Projects to be submitted for cost recovery

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DOCUMENT NO. DATE
04697-11 7,8,11
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost)
Recovery Clause)

Docket No: 110007-EI
Date: July 8, 2011

**FLORIDA POWER & LIGHT COMPANY'S PRELIMINARY LIST OF NEW
PROJECTS TO BE SUBMITTED FOR COST RECOVERY**

Florida Power & Light Company hereby submits the attached Preliminary List of New
Projects to be Submitted for Cost Recovery.

Respectfully submitted this 8th day of July, 2011.

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CERTIFICATE OF SERVICE
Docket No. 110007-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 8th day of July, 2011 to the following:

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Florida Power & Light Company
Environmental Cost Recovery
Docket No. 110007-EI
July 8, 2011

PRELIMINARY LIST OF NEW PROJECTS TO BE SUBMITTED FOR COST RECOVERY

Project: Industrial Boiler MACT Project

Law/Regulation: The Environmental Protection Agency (EPA) regulates Hazardous Air Pollutants (HAPs) under Section 112 of the Clean Air Act (CAA). EPA promulgates emission standards for HAPs under 40 CFR Part 63 for stationary source categories. On February 21, 2011, the final Industrial/Commercial/Institutional Boiler Maximum Achievable Control Technology (IB MACT) rules were signed by the EPA Administrator. EPA's two rules address boilers and process heaters under Subpart DDDDD (40 CFR 63.7480) for affected units at major sources and Subpart JJJJJ (40 CFR 63.11193) for affected units at area sources. These rules affect industrial boilers, institutional boilers, commercial boilers, and process heaters. FPL owns and operates units affected by these regulations at several power generation and fuel oil storage facilities. On May 18, 2011, EPA delayed the effectiveness date of rule DDDDD until such time as judicial review is no longer pending or until the EPA completes its reconsideration of the rule. FPL anticipates that EPA will lift its stay of the DDDDD rule effectiveness prior to spring 2012. FPL is only requesting recovery of costs associated with compliance with the JJJJJ rule and will only seek recovery of costs for activities of the stayed rule (DDDDD) after it becomes effective.

The IB MACT rules impose new emission limitations, work practice standards, and operating limits on the affected source categories to reduce the emission of HAPs at major and area source facilities. Major sources of HAPs are those facilities which have the potential to emit more than 10 tons of any one HAP, or 25 tons of a combination of HAPs in any one year. Area sources are those facilities that have the potential to emit HAPs in quantities below the major source thresholds. FPL's large fossil generation plants are typically major sources for HAPs and its facilities with smaller sources are typically classified as area sources for HAPs. EPA has established different compliance requirements for sources by creating subcategories for fuels under each rule for new and existing sources. Under Subparts DDDDD and JJJJJ a boiler is defined as new if construction commenced after June 4, 2010 and existing sources as those which were constructed prior to that date.

Brief Description of Project: FPL owns and operates new and existing natural gas and oil-fired boilers and process heaters that will be subject to the new IB MACT rules. The affected boilers and process heaters provide a variety of functions in support of its generating facilities including:

- Fuel oil heating at its fuel oil terminals for storage and pipeline delivery to plants
- Production of steam from its auxiliary boilers for gas turbines blade cooling during unit start-up
- Steam turbine heating during combined cycle unit outages
- Natural Gas fuel heating for use in gas turbines
- Warm water discharge for manatee protection for Modernization facilities

FPL must demonstrate compliance with the applicable requirements for its regulated sources by May 20, 2011 and no later than March 21, 2014 for its existing sources.

FPL's plan to comply with the requirements of these rules includes the following:

- Development of site specific monitoring plans for those units which will not use continuous emission monitors
- Conducting initial emission stack tests to determine compliance status with applicable emission limits for oil-fired units
- Performing required fuel oil sampling and analyses for oil-fired units
- Conducting required biennial tune-up work practices including the purchase of required emission analyzers for boiler tune-ups
- Performing required one-time energy assessment required for affected units at major source facilities
- Installation of emission controls or replacement of existing units that do not demonstrate compliance with applicable emission standards.

FPL proposes to conduct required emission testing in 2012 to develop its plan for the lowest cost of compliance for those units which have emission specifications. Should affected emission units not meet the specifications, FPL will conduct an engineering study to evaluate compliance options including installation of controls or replacement of emission units. FPL also plans to have required energy assessments at major sources performed as required by the rule beginning in 2012 once the stay of the effectiveness has been lifted. FPL will have on-going compliance costs associated with newly required biennial unit tune-ups and from additional fuel oil testing. FPL does not yet know, and cannot yet estimate, whether any affected units would require installation of controls or replacement but anticipates that those costs would likely occur in 2013 or later.

In its development of the IB MACT rules EPA developed cost estimates to meet the rule compliance requirements. FPL has not yet sought bids for activities and equipment which may be required by the IB MACT rules and instead has used the EPA cost estimates for each of the applicable rule requirements for FPL's industrial boilers and process heaters. FPL intends to competitively bid project activities required for compliance wherever possible. The preliminary estimate for the initial testing and energy assessment requirements are projected at \$397,000 and annual emission/fuel testing costs are projected at \$26,000. FPL does not yet know compliance costs that would be incurred for installation of control or replacement of affected units.

Project: NPDES Permit Renewal Requirements

Law/Regulation: The Federal Clean Water Act requires all point source discharges to navigable waters from industrial facilities to obtain permits under the National Pollutant Discharge Elimination System (NPDES) program. See 33 U.S.C. Section 1342. Pursuant to the U.S. Environmental Protection Agency's approval, the Florida Department of Environmental Protection (FDEP) implements the NPDES permitting program in Florida. Affected facilities are required to apply for renewal of the 5-year-duration NPDES permits prior to their expiration. In April 2009, the FDEP amended Rule 62-620.620 (3), F.A.C. requiring all wastewater discharge permits for major facilities, including power plants, to contain whole effluent toxicity (WET) limits. Additionally, FDEP has required that facilities prepare a Storm Water Pollution Prevention Plan (SWPPP) that conforms to Rule 62-620.100 (m), F.A.C. and 40 CFR Part 122.44(k) when the NPDES permits are renewed. FPL has several NPDES permits that will have to be renewed over the remainder of 2011 and in 2012, and all of FPL's NPDES permits will have to be renewed over the next five years.

Brief Description of Project: The FDEP has implemented the changes to the NPDES permits as facilities apply for permit renewals. FPL is seeking recovery of costs associated with complying with new requirements that have resulted from changes to the Florida rules, as they become effective for renewals of FPL's NPDES permits. FPL's plan to comply with the new requirements is as follows:

- 1) Increased Whole Effluent Toxicity (WET) Testing – In accordance with this new regulatory requirement, all of the FPL NPDES permits issued in Florida, going forward (except Turkey Point), will include a new condition requiring FPL to conduct quarterly "chronic" WET testing to evaluate the effects of each plant's effluent on certain aquatic organisms. Chronic WET testing requires laboratory evaluation of the survival, reproduction and growth of representative fish and invertebrate species which are exposed to a series of effluent dilutions over a period of time which is significantly more stringent and costly than previous testing required for permit compliance. FPL will only be seeking recovery for the increment between the previous testing requirements and the new testing requirements.
- 2) Requirements for a Storm Water Pollution Prevention Plan (SWPPP) – As with the chronic WET testing described above, the most recent round of renewed NPDES permits contain a requirement that each facility prepare a Stormwater Pollution Prevention Plan pursuant to Rule 62-620.100 (m), F.A.C. and 40 CFR Part 122.44(k). The purpose of the SWPPP is to identify possible pollutant sources that can affect the water quality of stormwater and to set out best management practices (BMPs) that, when implemented, will reduce or eliminate any possible water quality impacts.

FPL projects that it will begin incurring costs for the NPDES Permit Renewal Requirements project in August 2011. FPL's 2011 and 2012 O&M cost estimates for compliance with the new WET testing requirements are approximately \$23,000 and \$54,000 respectively. The WET testing requirements will be on-going. FPL's cost estimate for the development of SWPPPs at its facilities is \$10,000 per facility. In 2011, a SWPPP is projected to be developed for the Lauderdale Plant, and FPL estimates it will incur \$10,000 of O&M. In 2012, SWPPPs are

projected to be developed for Port Everglades and Ft. Myers Plants, and FPL estimates it will incur \$20,000 of O&M. SWPPP activities are expected to be completed by 2014 and current estimates for total SWPPP activities are \$100,000 through 2014. No Capital costs are projected for the NPDES Permit Renewal Requirements project at this time.