

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 130007-EI

DATED: October 7, 2013

PREHEARING STATEMENT OF DeSOTO COUNTY GENERATING COMPANY, LLC

DeSoto County Generating Company, LLC (“DeSoto”), pursuant to the Order Establishing Procedure in this docket, Order No. PSC-13-0070-PCO-EI, issued February 4, 2013, Order No. PSC-13-0115-PCO-PU, issued March 7, 2013 and Order No. PSC-13-0165-PCO-EI, issued April 22, 2013, hereby submits its Prehearing Statement.

APPEARANCES:

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On behalf of DeSoto County Generating Company, LLC

1. **WITNESSES:**

Kathy A. French, P.E. ISSUES 10 and 10.C
Carolyne Wass ISSUES 10 and 10.C

DeSoto and the Office of Public Counsel have also filed a motion for leave to file surrebuttal testimony, pursuant to which, if granted, DeSoto will file surrebuttal testimony addressing new evidence and analyses included in FPL’s rebuttal testimony. Desoto’s surrebuttal witness or witnesses will be identified as soon as possible.

2. EXHIBITS:

KAF-1 (Resume of Kathy A. French, P.E.)

3. STATEMENT OF BASIC POSITION

FPL:

FPL seeks to receive ECRC recovery of \$822 million in generation plant and related investment that FPL asserts is required for compliance with an existing, defined governmentally imposed environmental regulation. Assuming that FPL does in fact need to add generation to meet environmental standards, FPL is still obligated to select the least costly means of satisfying its needs, whatever they are. In this case, DeSoto disputes FPL's assertions that FPL's "self-build" CT option is the most cost-effective alternative for meeting its needs, and further disputes whether FPL adequately explored all available alternatives, and combinations of alternatives, to meeting its needs. Accordingly, the Commission should direct FPL to fully explore available alternatives, withhold its approval of FPL's proposed NO2 Compliance Project until FPL has demonstrated that it has, in fact, fully explored all available alternatives and attempted to get the most cost-effective solution for customers, and disallow recovery of any portion of FPL's proposed new CT investment that is not demonstrated to represent the most cost-effective alternative for FPL's customers.

DeSoto takes no positions with respect to the issues in this docket relating to utilities other than FPL.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

GENERIC CONSERVATION COST RECOVERY ISSUES

ISSUE 1. What are the final environmental cost recovery true-up amounts for the period January 2012 through December 2012?

DeSoto: No position.

ISSUE 2. **What are the estimated/actual environmental cost recovery true-up amounts for the period January 2013 through December 2013?**

DeSoto: No position.

ISSUE 3. **What are the projected environmental cost recovery amounts for the period January 2014 through December 2014?**

DeSoto: Unless and until FPL demonstrates that it has chosen the most cost-effective alternative (or alternatives) for meeting its asserted need for new CT generation to satisfy the 1-Hour NO₂ Standard, FPL's ECRC charges for 2014 should not include any costs for that Project. DeSoto takes no position with respect to the ECRC amounts for Duke Energy Florida, Tampa Electric Company, or Gulf Power Company.

ISSUE 4. **What are the environmental cost recovery amounts, including true-up amounts, for the period January 2014 through December 2014?**

DeSoto: Fall-out issues. Unless and until FPL demonstrates that it has chosen the most cost-effective alternative (or alternatives) for meeting its asserted need for new CT generation to satisfy the 1-Hour NO₂ Standard, FPL's ECRC charges for 2014 should not include any costs for that Project.

ISSUE 5. **What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2014 through December 2014?**

DeSoto: No position.

ISSUE 6. **What are the appropriate jurisdictional separation factors for the projected period January 2014 through December 2014?**

DeSoto: No position.

ISSUE 7. What are the appropriate environmental cost recovery factors for the period January 2014 through December 2014 for each rate group?

DeSoto: FPL's ECRC factors will be determined as fall-out issues based on the approved ECRC costs to be recovered in 2014 by FPL. As stated above, unless and until FPL demonstrates that it has chosen the most cost-effective alternative (or alternatives) for meeting its asserted need for new CT generation to satisfy the 1-Hour NO2 Standard, FPL's ECRC charges (cost recovery factors) for 2014 should not include any costs for its NO2 Compliance Project.

ISSUE 8. What should be the effective date of the new environmental cost recovery factors for billing purposes?

DeSoto: No position.

COMPANY- SPECIFIC CONSERVATION COST RECOVERY ISSUES

Florida Power & Light Company

ISSUE 9. Should the Commission approve FPL's Supplemental Clean Air Interstate Rule (CAIR), Clean Air Mercury Rule (CAMR) and Clean Air Visibility Rule (CAVR)/ Best Available Retrofit Technology (BART) filing as reasonable?

DeSoto: No position.

ISSUE 10. Should the Commission approve FPL's Petition for approval of the proposed NO2 compliance project involving the retirement and installation of peaking generating units for cost recovery through the ECRC?

DeSoto: No. FPL has not demonstrated that it adequately considered all available alternatives, and combinations of alternatives, for meeting its asserted need for new CT capacity, nor has it demonstrated that its proposed new CTs represent the most cost-effective alternative for customers, and accordingly, the Commission should deny FPL's Petition.

ISSUE 10. A. Is FPL required by current environmental regulations to reduce NO2 emissions at the Lauderdale, Port Everglades and Ft. Myers sites and if so, when must the emissions be reduced?

DeSoto: No position.

ISSUE 10. B. Is FPL's proposed installation of combustion turbines at the Lauderdale and Ft. Myers plants required by current environmental regulations?

DeSoto: No position.

ISSUE 10. C. Do more cost effective alternatives exist as compared to FPL's proposed installation of combustion turbines at the Lauderdale and Ft. Myers plants?

DeSoto: Yes. At a minimum, FPL has the opportunity to purchase the DeSoto Generating Facility at a cost that is substantially less than the cost of an equivalent amount of CT capacity proposed by FPL. Beyond that, FPL has not demonstrated that it has fully considered all lower cost options such as the potential purchase of other existing facilities like the 310 MW DeSoto Generating Facility.

ISSUE 11. How should the costs associated with the NO2 compliance project be allocated to the rate classes?

DeSoto: No position.

Tampa Electric Company

DeSoto takes no position on issues relating to Tampa Electric's ECRC costs or charges.

Duke Energy Florida

DeSoto takes no position on issues relating to Duke Energy Florida's ECRC costs or charges.

Gulf Power Company

DeSoto takes no position on issues relating to Gulf Power's ECRC costs or charges.

5. STIPULATED ISSUES:

None at this time.

6. PENDING MOTIONS:

DeSoto County Generating Company, LLC and the OPC have filed a joint motion for leave to file surrebuttal testimony addressing new evidence and new analyses included in FPL's rebuttal testimony.

FIPUG has filed a motion to spin-off the FPL NO2 Compliance matter into a separate docket, which DeSoto supports.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

DeSoto has no pending request or claims for confidentiality.

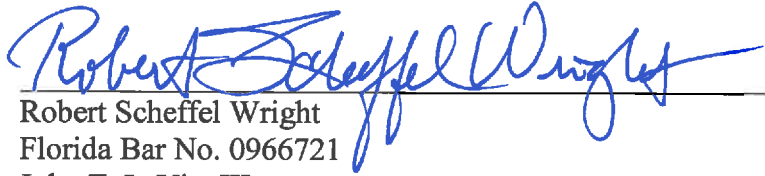
8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

DeSoto does not intend to object to the qualifications of any witnesses.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements in the Order Establishing Procedure with which DeSoto cannot comply.

Respectfully submitted this 7th day of October, 2013.



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CERTIFICATE OF SERVICE
130007-EI

I **HEREBY CERTIFY** that a true and foregoing Prehearing Statement has been furnished by electronic mail on this 7th day of October, 2013, to the following:

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