BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause	Docket No: 140007-EI Filed: September 26, 2014

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-14-0087-PCO-EI, issued February 4, 2014 establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

John T. Butler, Esq.
Assistant General Counsel – Regulatory
Maria J. Moncada, Esq.
Principal Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Telephone: 561-304-5639
Facsimile: 561-691-7135

R. Wade Litchfield, Esq.
Vice President and General Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420
Telephone: 561-691-7101
Facsimile: 561-691-7135

B. WITNESSES

WITNESS	SUBJECT MATTER	ISSUES
T.J. KEITH	ECRC Final True-up for January 2013 through December 2013	1
T.J. KEITH	ECRC Actual/Estimated True-up for January 2014 through December 2014	2

T.J. KEITH	ECRC Projections and Factors for January 2015 through December 2015	3 - 8
T.J. KEITH R.R. LABAUVE	Approval of Waters of the United States Rulemaking Project	9A-9B
R.R. LABAUVE	Approval of Supplemental Clean Air Interstate Rule (CAIR), Mercury and Air Toxics Standards (MATS) and Clean Air Visibility Rule (CAVR)/ Best Available Retrofit Technology (BART) Filing	9C

C. EXHIBITS

EXHIBITS	WITNESS	DESCRIPTION
(RRL-1)	R.R. LABAUVE	FPL Supplemental CAIR/MATS/CAVR Filing
(TJK-1)	T.J. KEITH	Appendix I Environmental Cost Recovery Final True-up January 2013 - December 2013 Commission Forms 42-1A through 42-9A
(TJK-2)	T.J. KEITH	Appendix I Environmental Cost Recovery Actual/Estimated Period January 2014 - December 2014 Commission Forms 42-1E through 42-9E
(TJK-3)	T.J. KEITH	Appendix I Environmental Cost Recovery Projections January 2015 - December 2015 Commission Forms 42-1P through 42-8P

D. STATEMENT OF BASIC POSITION

FPL's 2015 Environmental Cost Recovery factors, including the prior period true-ups reflected therein, are reasonable and should be approved. The Commission should approve FPL's Supplemental Clean Air Interstate Rule (CAIR)/ Mercury and Air Toxics Standards (MATS) and Clean Air Visibility Rule (CAVR)/ Best Available Retrofit Technology (BART) Filing as reasonable. The Commission also should approve FPL's Waters of the United States ("WOUS") Rulemaking Project for Environmental Cost Recovery.

E. STATEMENT OF ISSUES AND POSITIONS

GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2013 through December 2013?

FPL: $2,661,563 over-recovery. (Keith)

ISSUE 2: What are the estimated/actual environmental cost recovery true-up amounts for the period January 2014 through December 2014?

FPL: $ 1,109,221 over-recovery. (Keith)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2015 through December 2015?

FPL: $ 208,956,669. (Keith)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2015 through December 2015?

FPL: The total environmental cost recovery amount, including true-up amounts and adjusted for revenue taxes, is $ 205,333,619. (Keith)

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 2015 through December 2015?

FPL: The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Keith)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2015 through December 2015?

FPL: Retail Energy Jurisdictional Factor 95.26108%
Retail CP Demand Jurisdictional Factor 94.64598%
Retail GCP Demand Jurisdictional Factor 100.00000% (Keith)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2015 through December 2015 for each rate group?

FPL:

RATE CLASS	Environmental Cost Recovery Factor ($/KWH)
RS1/RTR1	0.00206
GS1/GST1/WIES1	0.00187
GSD1/GSDT1/HLFT1	0.00176
OS2	0.00183
GSLD1/GSLDT1/CS1/CST1/HLFT2	0.00175
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.00157
GSLD3/GSLDT3/CS3/CST3	0.00149
SST1T	0.00146
SST1D1/SST1D2/SST1D3	0.00173
CILC D/CILC G	0.00152
CILC T	0.00146
MET	0.00178
OL1/SL1/PL1	0.00070
SL2, GSCU1	0.00143
Total	0.00190

(Keith)

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

FPL: The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2015 through December 2015. Billing cycles may start before January 1, 2015 and the last cycle may be read after December 31, 2015, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges should continue in effect until modified by subsequent order of this Commission. (Keith)

COMPANY-SPECIFIC ISSUES

ISSUE 9A: **Should the Commission approve FPL's Waters of the United States Rulemaking Project such that the reasonable costs incurred by FPL in connection with the project may be recovered through the Environmental Cost Recovery Clause?**

FPL: Yes. The United States Environmental Protection Agency and the Army Corps of Engineers have published a proposed rule that would change the definition of the Waters of the United States ("WOUS"). The revised definition would result in an increased number of new jurisdictional wetland and water body

determinations impacting existing facilities and future electric utility projects. FPL contends that the proposed rule revisions are overreaching and in conflict with Supreme Court decisions regarding WOUS. These proposed changes could result in Clean Water Act ("CWA") requirements applying to existing and future power plant, transmission, distribution, pipeline and renewable generation related projects that would not be subject to those requirements under the current WOUS definition and would require FPL to incur substantially higher permitting and operational costs associated with those projects. FPL also could be required to purchase additional costly mitigation credits for those projects. Further, the proposed rule revisions could result in a requirement to install cumbersome and very expensive compliance technologies on the cooling ponds or cooling canal systems at four FPL power plants. Accordingly, FPL believes it is prudent at this time to engage in active legislative and regulatory advocacy to limit the compliance cost impact of potential revisions to the CWA. Comments on the proposed rule are due on October 20, 2014. To that end, FPL proposes to retain the services of qualified consultants and/or legal counsel to assist in developing comments and presenting FPL's positions on the proposed rule to state and federal government agencies and legislators. On several occasions, the Commission has approved ECRC recovery of legal or consulting activities related to legislative and regulatory advocacy that is designed to mitigate environmental compliance costs. (LaBauve)

ISSUE 9B: **How should the costs associated with FPL's Waters of the United States Rulemaking Project be allocated to the rate classes?**

FPL: At this time, only O&M costs are being projected. O&M costs associated with FPL's proposed WOUS Rulemaking Project should be allocated to the rate classes on an Average 12 CP demand basis. (Keith)

ISSUE 9C: **Should the Commission approve FPL's Supplemental Clean Air Interstate Rule (CAIR), Mercury and Air Toxics Standards (MATS) and Clean Air Visibility Rule (CAVR)/ Best Available Retrofit Technology (BART) Filing as reasonable?**

FPL: Yes. Completion of the compliance activities discussed in FPL's Supplemental CAIR/MATS/CAVR Filing of April 1, 2014, is required by existing federal and state environmental rules and regulatory requirements for air quality control and monitoring; and the associated project costs appear reasonable and prudent. FPL will continue to file, as part of its annual ECRC final true-up testimony, a review of the efficacy of its CAIR/MATS/CAVR compliance plans, and the cost-effectiveness of its retrofit options for each generating unit in relation to expected changes in environmental regulations and ongoing state and federal CAIR legal challenges. The reasonableness and prudence of individual expenditures, and FPL's decisions on the future compliance plans made in light of subsequent developments, will continue to be subject to the Commission's review in future ECRC proceedings on these matters. (LaBauve)

F. STATEMENT OF POLICY ISSUES AND POSITIONS

FPL: None at this time.

G. STIPULATED ISSUES

FPL: None at this time.

H. PENDING MOTIONS

FPL has no pending motions at this time.

I. PENDING REQUEST FOR CONFIDENTIALITY

FPL: None at this time.

J. OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT

FPL: None at this time.

K. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

There are no requirements of the Order Establishing Procedure with which FPL cannot comply.

Respectfully submitted,

R. Wade Litchfield, Esq.
Vice President and General Counsel
John T. Butler, Esq.
Assistant General Counsel - Regulatory
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420
Telephone: 561-304-5639
Fax: 561-691-7135

By: *s/ John T. Butler*
John T. Butler
Florida Bar No. 283479

CERTIFICATE OF SERVICE
Docket No. 140007-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished by electronic delivery on September 26, 2014 to the following:

Charles Murphy, Senior Attorney
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
cmurphy@psc.state.fl.us

J.R. Kelly, Esquire
Charles Rehwinkel, Esquire
Patricia Christensen, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Room 812
Tallahassee, Florida 32399-1400
kelly.jr@leg.state.fl.us
rehwinkel.charles@leg.state.fl.us
christensen.patty@leg.state.fl.us

James D. Beasley, Esquire
J. Jeffrey Wahlen, Esquire
Ashley M. Daniels, Esquire
Ausley & McMullen
Attorneys for Tampa Electric
P.O. Box 391
Tallahassee, Florida 32302
jbeasley@ausley.com
jwahlen@ausley.com
adaniels@ausley.com

John T. Burnett, Esquire
Dianne Triplett, Esquire
Duke Energy Florida
P.O. Box 299 First Avenue North
St. Petersburg, Florida 33701
john.burnett@duke-energy.com
dianne.triplett@duke-energy.com

Jeffrey A. Stone, Esq.
Russell A. Badders, Esq.
Steven R. Griffin, Esq.
Beggs & Lane
Attorneys for Gulf Power
P.O. Box 12950
Pensacola, Florida 32591-2950
jas@beggslane.com
rab@beggslane.com
srg@beggslane.com

Matthew R. Bernier
Paul Lewis, Jr.
Duke Energy Florida
106 East College Avenue, Suite 800
Tallahassee, Florida 32301
matthew.bernier@duke-energy.com
paul.lewis@duke-energy.com

Gary V. Perko, Esquire
Hopping Green & Sams
Attorneys for Duke Energy Florida
P.O. Box 626
Tallahassee, Florida 32314
gperko@hgslaw.com

James W. Brew, Esquire
F. Alvin Taylor, Esquire
Attorneys for White Springs
Brickfield, Burchette, Ritts & Stone, P.C.
1025 Thomas Jefferson St., NW
Eighth Floor, West Tower
Washington, DC 20007
jbrew@bbrslaw.com

Robert Scheffel Wright, Esquire
John T. LaVia, III, Esquire
Attorneys for DeSoto County Generating Co., LLC
Garner, Bist, Weiner, Wadsworth, Bowden, Bush
1300 Thomaswood Drive
Tallahassee, Florida 32308
schef@gbwlegal.com
jlavia@gbwlegal.com

Robert L. McGee, Jr.
Attorney for Gulf Power Company
One Energy Place
Pensacola, Florida 32520-0780
rlmcgee@southernco.com

Paula K. Brown
Regulatory Coordination
Tampa Electric Company
P.O. Box 111
Tampa, Florida 33601
regdept@tecoenergy.com

Jon C. Moyle, Jr., Esquire
The Moyle Law Firm, P.A.
Attorneys for FIPUG
118 N. Gadsden Street
Tallahassee, Florida 32301
jmoyle@moylelaw.com

George Cavros, Esq.
Attorney for SACE
120 E. Oakland Park Blvd., Suite 105
Ft. Lauderdale, FL 33334
George@cavros-law.com

By: *s/ John T. Butler*
John T. Butler
Fla. Bar No. 283479