

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 140007-EI
ORDER NO. PSC-14-0643-FOF-EI
ISSUED: November 4, 2014

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

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

APPEARANCES:

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On behalf of Florida Power & Light Company (FPL)

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On behalf of Duke Energy Florida, Inc. (DEF)

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On behalf of Tampa Electric Company (TECO)

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On behalf of Gulf Power Company (GULF)

PATRICIA A. CHRISTENSEN and CHARLES REHWINKEL, ESQUIRES,
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On behalf of the Citizens of the State of Florida (OPC)

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Tallahassee, Florida 32312
On behalf of the Florida Industrial Power Users Group (FIPUG)

JAMES W. BREW and OWEN J. KOPON, ESQUIRES, Brickfield, Burchette,
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Washington, DC 20007
On behalf of the White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate
– White Springs (PCS)

GEORGE CAVROS, ESQUIRE, 120 E. Oakland Park Blvd. Ste. 105, Fort
Lauderdale, Florida 33334
On behalf of Southern Alliance for Clean Energy (SACE)

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On behalf of the Florida Public Service Commission (Staff)

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public
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Advisor to the Florida Public Service Commission.

CASE BACKGROUND

As part of the Florida Public Service Commission's (Commission) continuing environmental cost recovery clause proceedings, the Commission conducted a hearing in this docket on October 22, 2014. This Commission is vested with jurisdiction over the subject matter by the provisions of Section 366.8255, Florida Statutes (F.S.).

DECISION

The parties have resolved all issues by stipulation, *except* for Issue IX which is the Commission's review of FPL's Waters of the United States Rulemaking Project (WOUS Project). Testimony on that project was heard at our October 22, 2014 hearing and the parties will be filing briefs addressing that matter. Depending upon our eventual decision related to the WOUS Project, adjustments may be needed to other stipulated decisions related to FPL; these

are marked below by an asterisk and currently include no dollars associated with the proposed WOUS Project.

Some parties agreed to stipulations regarding the issues and others did not object but did not join in the stipulations. Each party's position on each issue is set forth in Section VIII of Order No. PSC-14-0585-PHO-EI, issued in this docket on October 15, 2014. We accept and approve the stipulations, set forth below, as reasonable and supported by competent and substantial evidence.

**I. Final Environmental Cost Recovery True-Up Amounts:
January 2013, through December 2013.**

The final environmental cost recovery true-up amounts for period ending December 31, 2013, are:

FPL	\$2,661,563	Over Recovery
DEF	\$3,807,998	Over Recovery
GULF	\$6,645,915	Under Recovery
TECO	\$1,957,072	Over Recovery

**II. Estimated/Actual Environmental Cost Recovery True-Up Amounts:
January 2014, through December 2014.**

The estimated/actual environmental cost recovery true-up amounts for the period January 2014, through December 2014, are:

FPL	\$1,184,920*	Over Recovery
DEF	\$11,344,981	Over Recovery
GULF	\$2,229,940	Under Recovery
TECO	\$6,935,676	Over Recovery

*Depending on the Commission's decision regarding FPL's WOUS Project, this number may need to be adjusted.

**III. Projected Environmental Cost Recovery Amounts:
January 2015 through December 2015.**

The projected environmental cost recovery amounts for the period January 2015, through December 2015, are:

FPL	\$208,815,646*
DEF	\$65,477,497
GULF	\$143,358,252
TECO	\$84,406,505

*Depending on the Commission's decision regarding FPL's WOUS Project, this number may need to be adjusted.

**IV. Environmental Cost Recovery Amounts, Including True-Up Amounts:
January 2015, through December 2015.**

The environmental cost recovery amounts, including true-up amounts, for the period January 2015, through December 2015, are:

FPL	\$205,116,741*
DEF	\$50,360,752
GULF	\$152,343,715
TECO	\$75,568,127

*Depending on the Commission's decision regarding FPL's WOUS Project, this number may need to be adjusted.

**V. Depreciation Rates:
January 2015, through December 2015.**

The depreciation rates used to calculate the depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service.

**VI. Jurisdictional Separation Factors:
Projected January 2015, through December 2015.**

The appropriate jurisdictional separation factors for the projected period January 2015, through December 2015, are:

FPL

Retail Energy Jurisdictional Factor	95.26108%
Retail CP Demand Jurisdictional Factor	94.64598%
Retail GCP Demand Jurisdictional Factor	100%

DEF

The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales. The remaining separation factors are below, consistent with the Revised and Restated Stipulation and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI, at p. 54.

Transmission Average 12 CP Demand - 70.203%
Distribution Primary Demand - 99.561%
Production Demand:
Production Demand (2012) – 91.683%
Production Base (2013) – 92.885%
Production Intermediate – 72.703%
Production Peaking – 95.924%
Production A&G – 93.221%

GULF

The demand jurisdictional separation factor is 97.07146%. The Energy jurisdictional separation factors are calculated each month based on retail kWh sales as a percentage of projected total territorial kWh sales.

TECO

The appropriate jurisdictional separation factor for demand and energy is 100%.

**VII. Environmental Cost Recovery Factors, by Rate Group:
January 2015, through December 2015.**

The appropriate environmental cost recovery factors for the period January 2015, through December 2015 for each rate, are:

FPL*

The appropriate factors are as follows:

RATE CLASS	Environmental Cost Recovery Factor (\$/kWh)
RS1/RTR1	0.00205
GS1/GST1/WIES1	0.00187
GSD1/GSDT1/HLFT1	0.00175
OS2	0.00182
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

*Depending on the Commission's decision regarding FPL's WOUS Project, some FPL factors may need to be adjusted.

DEF

Rate Class	ECRC Factors
Residential	0.138 cents/kWh
General Service Non-Demand @ Secondary Voltage	0.133 cents/kWh
@ Primary Voltage	0.132 cents/kWh
@ Transmission Voltage	0.130 cents/kWh
General Service 100% Load Factor	0.125 cents/kWh
General Service Demand @ Secondary Voltage	0.129 cents/kWh
@ Primary Voltage	0.128 cents/kWh
@ Transmission Voltage	0.126 cents/kWh
Curtable @ Secondary Voltage	0.123 cents/kWh
@ Primary Voltage	0.122 cents/kWh
@ Transmission Voltage	0.121 cents/kWh
Interruptible @ Secondary Voltage	0.122 cents/kWh
@ Primary Voltage	0.121 cents/kWh
@ Transmission Voltage	0.120 cents/kWh
Lighting	0.114 cents/kWh

GULF

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS CENTS/kWh
RS, RSVP	1.592
GS	1.435
GSD, GSDT, GSTOU	1.276
LP, LPT	1.136
PX, PXT, RTP, SBS	1.083
OS-I/II	0.417
OSIII	1.039

TECO

<u>Rate Class</u>	<u>Factor (¢/kWh)</u>
RS	0.408
GS, TS	0.407
GSD, SBF	
Secondary	0.405
Primary	0.401
Transmission	0.397
IS	
Secondary	0.397
Primary	0.393
Transmission	0.389
LS1	0.401
Average Factor	0.406

VIII. Effective Date for New Environmental Cost Recovery Factors.

The factors shall 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 shall continue in effect until modified by subsequent order of this Commission.

IX. FPL's Waters of the United States Rulemaking Project.

The issue of whether costs incurred by FPL in connection with its WOUS Rulemaking Project *remains in dispute* and will be the subject of a subsequent Commission decision and Order.

**X. Costs Associated with FPL's WOUS Rulemaking Project:
Allocation to Rate Classes.**

At this time, only O&M costs are being projected. Although interveners assert that issue 10 should not be reached, if it is, O&M costs associated with FPL's proposed WOUS Rulemaking Project shall be allocated to the rate classes on an Average 12 CP demand basis.

XI. 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.

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 shall 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.

XII. DEF's Review of Integrated Clean Air Compliance Plan.

DEF's Review of its Integrated Clean Air Compliance Plan provides an adequate summary of its plan for timely compliance with applicable environmental regulations. DEF continues to evaluate compliance options in light of the remand of EPA's Cross-State Air Pollution Rule, EPA's adoption of MATS and other regulatory developments.

DEF shall continue to file, as part of its annual ECRC final true-up testimony, an update of its Integrated Clean Air Compliance Plan. The reasonableness and prudence of individual expenditures, and DEF's decisions on the future compliance plans made in light of subsequent environmental rule developments, will continue to be subject to the Commission's review in future ECRC proceedings on these matters.

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 2015. The first billing cycle may start before January 1, 2015, 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 4th day of November, 2014.



CARLOTTA S. STAUFFER
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.

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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.