

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No: 150007-EI

Filed: October 9, 2015

**FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT**

Pursuant to Order No. PSC-15-0097-PCO-EI and Order No. PSC-15-0204-PCO-PU, issued February 10, 2015 and May 21, 2015 respectively which establish the prehearing procedure in this docket, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
T.J. KEITH	ECRC Final True-up for January 2014 through December 2014	1
T.J. KEITH	ECRC Actual/Estimated True-up for January 2015 through December 2015	2
T.J. KEITH	ECRC Projections and Factors for January 2016 through December 2016	3 – 8, 13

T.J. KEITH Approval of Coal Combustion Residuals 9A-9B
R.R. LABAUVE Disposal Project

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(RRL-1)	R.R. LABAUVE	FPL Supplemental CAIR/MATS/CAVR Filing
(RRL-2)	R.R. LABAUVE	Summary of Coal Combustion Residuals Rule
(RRL-3)	R.R. LABAUVE	Letter from United States Fish and Wildlife Service (“USFWS”) requiring action for manatee protection at the CCEC
(RRL-4)	R.R. LABAUVE	Proposed conceptual changes to the manatee heating system at the CCEC
(TJK-1)	T.J. KEITH	Appendix I Environmental Cost Recovery Final True-up January 2014 - December 2014 Commission Forms 42-1A through 42-9A
(TJK-2)	T.J. KEITH	Appendix I Environmental Cost Recovery Actual/Estimated Period January 2015 - December 2015 Commission Forms 42-1E through 42-9E
(TJK-3)	T.J. KEITH	Appendix I Environmental Cost Recovery Projections January 2016 - December 2016 Commission Forms 42-1P through 42-8P

D. STATEMENT OF BASIC POSITION

FPL’s 2016 Environmental Cost Recovery factors, including the prior period true-ups reflected therein, are reasonable and should be approved. The Commission also should approve FPL’s proposed Coal Combustion Residuals Disposal Project (“the CCR Disposal Project”) for recovery through the ECR.

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 2014 through December 2014?

FPL: \$3,164,408 under-recovery. (Keith)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2015 through December 2015?

FPL: \$ 37,619,712 under-recovery. (Keith)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2016 through December 2016?

FPL: \$ 229,580,392. (Keith)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2016 through December 2016?

FPL: The total environmental cost recovery amount, including true-up amounts and adjusted for revenue taxes, is \$270,559,175. (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 2016 through December 2016?

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 2016 through December 2016?

FPL: Retail Energy Jurisdictional Factor	94.88715%
Retail CP Demand Jurisdictional Factor	94.67506%
Retail GCP Demand Jurisdictional Factor	100.00000% (Keith)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2016 through December 2016 for each rate group?

FPL:

RATE CLASS	Environmental Cost Recovery Factor (cents/kWh)
RS1/RTR1	0.263
GS1/GST1	0.251
GSD1/GSDT1/HLFT1	0.233
OS2	0.210
GSLD1/GSLDT1/CS1/CST1/HLFT2	0.232
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.205
GSLD3/GSLDT3/CS3/CST3	0.200
SST1T	0.186
SST1D1/SST1D2/SST1D3	0.217
CILC D/CILC G	0.205
CILC T	0.192
MET	0.228
OL1/SL1/PL1	0.100
SL2	0.192
Total	0.247

(Keith)

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

FPL: FPL is requesting that the environmental cost recovery factors become effective with customer bills for January 2016 (cycle day 1) through December 2016 (cycle day 21). This will provide for 12 months of billing for all customers. Thereafter, FPL’s environmental cost recovery factors should remain in effect until modified by the Commission. (Keith)

COMPANY-SPECIFIC ISSUES

ISSUE 9A: Should the Commission approve FPL’s Coal Combustion Residuals Disposal 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. On April 17, 2015, The United States Environmental Protection Agency published in the Federal Register a final rule to regulate the disposal of coal combustion residuals (“CCR”) as solid waste under subtitle D of the Resource Conservation and Recovery Act (“RCRA”). This rule establishes

minimum criteria for the safe disposal of CCR in landfills and surface impoundments. The rule is self-implementing with an effective date of October 19, 2015. CCR is generated from the combustion of coal, including solid fuels classified as anthracite, bituminous, subbituminous, and lignite, for the purpose of generating steam to power a generator to produce electricity or electricity and other thermal energy by electric utilities and independent power producers. Based on the applicability criteria, the final rule will apply to Plant Scherer and St. John's River Power Park ("SJRPP"), in which FPL has an ownership interest. FPL, along with the operating agents for Plant Scherer and SJRPP, will initiate the necessary actions to meet the new design and performance requirements of the final rule. At both Plant Scherer and SJRPP a new groundwater monitoring and corrective action plan will be developed and additional groundwater monitoring wells will be installed over the next two years. Over the next three years both Plant Scherer and SJRPP must conduct a number of engineering evaluations to meet the demonstrations required for continued use of the impoundment and landfills. (LaBauve)

ISSUE 9B: How should the costs associated with FPL's Coal Combustion Residuals Disposal Project be allocated to the rate classes?

FPL: At this time, only Capital costs are being projected. Capital costs associated with FPL's proposed CCR Project should be allocated to the rate classes on 100% energy basis. (Keith)

ISSUE 13: Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

FPL: Yes. The Commission should approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Keith)

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: Florida Power & Light Company's request for confidential classification of Materials provided pursuant to Audit No. 15-014-4-1 [x-ref. DN 03557-15] DN 04027-15, dated June 30, 2015.

J. OBJECTIONS TO WITNESS QUALIFICATIONS 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,

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CERTIFICATE OF SERVICE
Docket No. 150007-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic service this 9th day of October, 2015 to the following:

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