

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 160007-EI
Filed: October 4, 2016

FLORIDA POWER & LIGHT COMPANY'S PREHEARING STATEMENT

Florida Power & Light Company ("FPL"), pursuant to Order Nos. PSC-16-0103-PCO-EI, PSC-16-0274-PCO-EI and PSC-0278-PCO-EI, hereby submits its Prehearing Statement regarding the issues to be addressed at the hearing scheduled for November 2-4, 2016.

A. APPEARANCES

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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
R.B. DEATON	ECRC Final True-up for January 2015 through December 2015	1
R.B. DEATON	ECRC Actual/Estimated True-up for January 2016 through December 2016	2
R.B. DEATON	ECRC Projections and Factors for January 2017 through December 2017	3-8
R.B. DEATON R.R. LABAUVE	Deferral of Turkey Point Cooling Canal Monitoring Plan Project issue for resolution in the 2017 ECRC docket for resolution	10A

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	1971 USDOJ Settlement Agreement
RRL-3	R.R. LABAUVE	National Pollutant Discharge Elimination System (“NPDES”)/Industrial Wastewater Permit Number FL0001562
RRL-4	R.R. LABAUVE	Fifth Supplemental SFWMD Agreement
RRL-5	R.R. LABAUVE	Turkey Point Extended Power Uprate Site Certification Conditions of Certification IX and X
RRL-6	R.R. LABAUVE	December 2014 FDEP Administrative Order
RRL-7	R.R. LABAUVE	October 2015 MDC DERM Consent Agreement
RRL-8	R.R. LABAUVE	June 2016 FDEP Consent Order
RRL-9	R.R. LABAUVE	Addendum to October 2015 Consent Agreement
TJK-1	R.B. DEATON	Appendix I Environmental Cost Recovery Final True-up January 2015 - December 2015 Commission Forms 42-1A through 42-9A
TJK-2	R.B. DEATON	Appendix I Environmental Cost Recovery Actual/Estimated Period January 2016 - December 2016 Commission Forms 42-1E through 42-9E
TJK-3	R.B. DEATON	Appendix I Environmental Cost Recovery Revised 2016 Actual/Estimated True-up January 2016 – December 2016

TJK-4	R.B. DEATON	Appendix II Environmental Cost Recovery Proposed Cost Allocation Methodology 12 CP and 25% Commission Forms 42-1P through 42-8P January 2017 – December 2017
TJK-5	R.B. DEATON	Appendix III Environmental Cost Recovery Current Cost Allocation Methodology 12 CP and 1/13th Commission Forms 42-1P through 42-3P and 42-6P through 7P January 2017 – December 2017

D. STATEMENT OF BASIC POSITION

FPL’s 2017 Environmental Cost Recovery factors, including the prior period true-ups, are reasonable and should be approved. The Commission also should approve deferral of issues related to FPL’s Turkey Point Cooling Canal Monitoring Plan (“TPCCMP”) project for resolution in the 2017 ECRC docket and approve FPL’s recovery of projected TPCCMP costs subject to refund through the ECRC true-up mechanism.

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 2015 through December 2015?

FPL: \$17,817,012 over-recovery. (Deaton)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2016 through December 2016?

FPL: \$6,424,842 under-recovery. (Deaton)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2017 through December 2017?

FPL: Based on the 12 CP and 25% cost allocation for Production Plant proposed by FPL in Docket 1600021-EI, the projected environmental cost recovery amounts for the period January 2017 through December 2017 is \$256,332,720. If the Commission declines to accept FPL’s proposed cost allocation methodology, the amount calculated using 12CP and 1/13th is \$256,370,332. (Deaton)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2017 through December 2017?

FPL: Based on the 12 CP and 25% Production Plant cost allocation method proposed by FPL in Docket 1600021-EI, the projected environmental cost recovery amounts for the period January 2017 through December 2017 is \$245,116,908. If the Commission declines to accept FPL’s proposed cost allocation methodology, the amount calculated using 12CP and 1/13th is \$245,154,547. (Deaton)

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 2017 through December 2017?

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. (Deaton)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2017 through December 2017?

FPL:

Retail Energy Jurisdictional Factor	94.89172%
Retail CP Demand Jurisdictional Factor	95.04658%
Retail GCP Demand Jurisdictional Factor	100.00000% (Deaton)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2017 through December 2017 for each rate group?

FPL: FPL’s environmental cost recovery factors based on 12 CP & 25% Production Plant cost allocation methodology proposed by FPL in Docket 160021-EI are as follows:

Proposed Cost Allocation Methodology - 12 CP and 25%	Environmental Cost Recovery Factor (cents/KWH)
RS1/RTR1	0.241
GS1/GST1	0.230
GSD1/GSDT1/HLFT1	0.217
OS2	0.200
GSLD1/GSLDT1/CS1/CST1/HLFT2	0.216
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.197
GSLD3/GSLDT3/CS3/CST3	0.194
SST1T	0.180
SST1D1/SST1D2/SST1D3	0.206

CILC D/CILC G	0.197
CILC T	0.188
MET	0.213
OL1/SL1/PL1/SL1-M	0.126
SL2/ GSCU1/SL2-M	0.191
Total	0.228

If the Commission declines to accept FPL’s proposed cost allocation methodology, the amounts calculated using 12CP and 1/13th are set forth in Exhibit TJK-5. (Deaton)

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

FPL: The factors shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2017 through December 2017. Billing cycles may start before January 1, 2017 and the last cycle may be read after December 31, 2017, 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. (Deaton)

COMPANY-SPECIFIC ISSUES

ISSUE 10A: Should issues related to FPL’s recovery of its projected 2017 costs for the Turkey Point Cooling Canal Monitoring Plan project be deferred for resolution in the 2017 ECRC docket?

FPL: Yes. FPL may recover in its 2017 ECRC factors the projected \$73,776,441 of O&M expense shown on Form 42-2P and \$1,449,647 of capital investment recoverable costs shown on Form 42-3P, filed on September 6, 2016 as part of FPL’s 2017 projection filing, with both amounts subject to refund through the ECRC true-up mechanism, including interest calculated as provided therein. FPL will file its direct testimony in support of the 2017 TPCCMP project costs as part of its 2017 actual/estimated true-up filing. It is the parties’ desire that, to the extent possible, the order establishing procedure for Docket 170009-EI reflect a schedule for the TPCCMP project issues that provides intervenor and Staff no fewer than five weeks to file testimony after FPL’s direct testimony; and provides FPL no fewer than three weeks thereafter to file its rebuttal testimony. (Deaton, LaBauve)

FPL takes no position on the company-specific issues for other companies.

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. 16-028-4-1 dated July 19, 2016 [DN 04405-16].

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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By: s/ John T. Butler
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CERTIFICATE OF SERVICE
Docket No. 160007-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic service this 4th day of October 2016 to the following:

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