

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 20170007-EI
Filed: September 29, 2017

FLORIDA POWER & LIGHT COMPANY’S PREHEARING STATEMENT

Florida Power & Light Company (“FPL”), pursuant to Order No. PSC-2017-0106-PCO-EI, hereby submits its Prehearing Statement regarding the issues to be addressed at the hearing scheduled for October 25-27, 2017.

A. APPEARANCES

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B. WITNESSES

DIRECT WITNESSES	SUBJECT MATTER	ISSUES
Rena B. Deaton, FPL	Presents FPL’s ECRC final true-up for 2016, Actual/Estimated True-up for 2017, Projection for 2018, and ECRC factors for January through December 2018. Ms. Deaton is an expert in electric utility rates and rate regulation.	1-9, 10b, 10e
Michael W. Sole, FPL	Supports recovery of prudently incurred costs associated with FPL’s Turkey Point Cooling Canal Monitoring Plan (“TPCCMP”) project, and specifically the 2015 Consent Agreement	10a, 10b, 10c

	between FPL and the Miami-Dade County Department of Environmental Management (“2015 CA”) and the 2016 Consent Order between FPL and the Florida Department of Environmental Protection (“2016 CO”). Mr. Sole is an expert in Florida environmental regulation and policy.	
Keith Ferguson, FPL	Supports allocation of certain TPCCMP project costs between operations and maintenance expense (“O&M”) and capital. Mr. Ferguson is an expert in accounting and ratemaking concepts.	10d
REBUTTAL WITNESSES	SUBJECT MATTER	ISSUES
Michael W. Sole, FPL	Responds to OPC witness Panday regarding prudently incurred costs associated with the 2015 CA and the 2016 CO.	10a, 10b, 10c
Keith Ferguson, FPL	Responds to OPC witness Panday regarding the proper allocation of certain TPCCMP project costs between O&M and capital.	10d
Peter Andersen, Tetra Tech, Inc.	Responds to OPC witness Panday regarding prudently incurred costs associated with the 2015 CA and the 2016 CO. Mr. Andersen is an expert in groundwater hydrology and groundwater modeling, analysis, and remediation.	10a, 10b

C. EXHIBITS

DIRECT EXHIBITS	WITNESS	DESCRIPTION
MWS-1	M.W. SOLE	FPL Supplemental CAIR/MATS/CAVR Filing
MWS-2	M.W. SOLE	1971 U.S. Department of Justice (“USDOJ”) Settlement Agreement
MWS-3	M.W. SOLE	NPDES/Industrial Wastewater (“IWW”) Permit Number FL0001562
MWS-4	M.W. SOLE	Fifth Supplemental Agreement between the South Florida Water Management District (“SFWMD”) and FPL
MWS-5	M.W. SOLE	Turkey Point Extended Power Uprate Site Certification Conditions of Certification IX and X
MWS-6	M.W. SOLE	2013 SFWMD Letter Requesting Consultation
MWS-7	M.W. SOLE	December 2014 FDEP Administrative Order
MWS-8	M.W. SOLE	October 2015 Miami-Dade County Department of Environmental Resources Management Notice of Violation
MWS-9	M.W. SOLE	October 2015 Miami-Dade County Department of Environmental Resources Management Consent Agreement and Related Correspondence
MWS-10	M.W. SOLE	April 2016 Final FDEP Administrative Order
MWS-11	M.W. SOLE	April 2016 FDEP Warning Letter and Notice of Violation
MWS-12	M.W. SOLE	June 2016 FDEP Consent Order
MWS-13	M.W. SOLE	Addendum to October 2015 Consent Agreement and Related Correspondence
MWS-14	M.W. SOLE	TPCCMP Project O&M Expenses and Capital Costs
MWS-15	M.W. SOLE	FDEP Industrial Wastewater Facility (“IWWF”) Permit Number FL0001503 for PFL
MWS-16	M.W. SOLE	PFL Manatee Protection Plan (“MPP”)

MWS-17	M.W. SOLE	U.S. Fish and Wildlife Service (“FWS”) letter to FPL regarding manatee protection at PFL
MWS-18	M.W. SOLE	PFL Manatee Temporary Heating System Conceptual Location of heated refuge, heater and pump systems
MWS-19	M.W. SOLE	Excerpt from PSL NPDES Permit
RBD-1	R.B. DEATON	Environmental Cost Recovery Final True-up January 2016 - December 2016 Commission Forms 42-1A through 42-9A
RBD-2	R.B. DEATON	Appendix I - Environmental Cost Recovery Actual/Estimated True-up January 2017 – December 2017 - Commission Forms 42-1E through 42-9E
RBD-3	R.B. DEATON	Appendix I - Environmental Cost Recovery Projections - January 2018 – December 2018 Commission Forms 42-1P through 42-8P Appendix II - Calculation of Stratified Separation Factors
KF-1	K. FERGUSON	Tetra Tech Analysis – Determination of Allocation of Costs for CCS Recovery and Improvement for the Recovery Well System
REBUTTAL EXHIBITS	WITNESS	DESCRIPTION
MWS-20	M.W. SOLE	FPL and SFWMD Fourth Supplemental Agreement
PFA-1	P.F. ANDERSEN	Resume of Peter F. Andersen
PFA-2	P.F. ANDERSEN	Simulated Relative Salt Concentrations in Model Layer 8 after 10 years for Alternatives 1, 2, and 3D
PFA-3	P.F. ANDERSEN	Revision of OPC Witness Panday’s Demonstrative 23
PFA-4	P.F. ANDERSEN	Comparison of 2015 Modeled Freshwater-Saltwater Interface with CSEM Data
PFA-5	P.F. ANDERSEN	Location of CCS Monitoring Stations Relative to Plant Cooling Water Intake and Biscayne Bay
PFA-6	P.F. ANDERSEN	Saltwater Intrusion as Mapped by the USGS, 1984 and 1985

D. STATEMENT OF BASIC POSITION

FPL's 2018 Environmental Cost Recovery factors, including the prior period true-ups, are reasonable and should be approved. These factors include costs related to FPL's Turkey Point Cooling Canal Monitoring Plan ("TPCCMP") project, which also should be approved for recovery as proposed. In addition, the Commission should approve a modification to FPL's Manatee Temporary Heating System ("MTHS") Project to include a temporary heating system at FPL's Fort Lauderdale Plant site ("PFL") during the planned modernization project.

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 2016 through December 2016?

FPL: \$23,872,381 over-recovery. (Deaton)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2017 through December 2017?

FPL: \$28,797,701 over-recovery. (Deaton)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2018 through December 2018?

FPL: \$212,389,989. (Deaton)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2018 through December 2018?

FPL: \$159,834,905. (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 2018 through December 2018?

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 2018 through December 2018?

FPL:

Retail Energy Jurisdictional Factor - Base	95.7811%
Retail Energy Jurisdictional Factor - Intermediate	94.2579%
Retail Energy Jurisdictional Factor - Peaking	94.8545%
Retail Demand Jurisdictional Factor - Transmission	88.7974%
Retail Demand Jurisdictional Factor - Base/Solar	95.6652%
Retail Demand Jurisdictional Factor - Intermediate	94.1431%
Retail Demand Jurisdictional Factor - Peaking	94.7386%
Retail Demand Jurisdictional Factor - Distribution	100.0000% (Deaton)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2018 through December 2018 for each rate group?

FPL:

RATE CLASS	Environmental Cost Recovery Factor (cents/kWh)
RS1/RTR1	0.159
GS1/GST1	0.150
GSD1/GSDT1/HLFT1	0.136
OS2	0.083
GSLD1/GSLDT1/CS1/CST1/HLFT2	0.131
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.115
GSLD3/GSLDT3/CS3/CST3	0.116
SST1T	0.102
SST1D1/SST1D2/SST1D3	0.126
CILC D/CILC G	0.116
CILC T	0.109
MET	0.128
OL1/SL1/SL1M/PL1	0.030
SL2/SL2M/GSCU1	0.109
Total	0.146

(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 for meter readings that occur on or after January 1, 2018 through December 31, 2018. These charges shall continue in effect until modified by subsequent order of this Commission. (Deaton)

ISSUE 9: 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 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. (Deaton)

COMPANY-SPECIFIC ISSUES

ISSUE 10A: Should FPL be allowed to recover, through the ECRC, prudently incurred costs, if any, associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum)?

FPL: Yes. The 2015 Consent Agreement (as amended) and 2016 Consent Order are Environmental Laws or Regulations under Section 366.8255, Fla. Stat. Costs that FPL has prudently incurred as a result of the 2015 Consent Agreement (as amended) and 2016 Consent Order are Environmental Compliance Costs that are recoverable pursuant to Section 366.8255. As addressed in Issue 10C below, those costs were incurred as part of FPL's approved Turkey Point Cooling Canal Monitoring Plan project ("TPCCMP Project"). (Deaton, Sole, Andersen)

ISSUE 10B: Which costs, if any, associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum) were prudently incurred?

FPL: FPL prudently has incurred or expects to incur \$70,501,961 in O&M expenses and the revenue requirements (depreciation and return) associated with \$68,001,946 in capital investment for the years 2016-2018 for activities required by the 2015 Consent Agreement (as amended) and 2016 Consent Order. (Deaton, Sole, Anderson, Ferguson)

ISSUE 10C: Should the costs FPL seeks to recover in this docket be considered part of its Turkey Point Cooling Canal Monitoring Plan project?

FPL: Yes. Environmental activities required for the TPCCMP Project have progressed from monitoring, to expanded monitoring, to identification of the need for corrective actions, and now to implementing those corrective actions in compliance with the 2015 Consent Agreement (as amended) and the 2016

Consent Order. At the time the TPCCMP Project was approved for recovery through the ECRC in 2009, FPL made clear that such a progression was a potential outcome. Indeed, FPL has reflected incremental costs for the expansion of FPL's environmental compliance activities each year, and the Commission has approved the recovery of those costs. (Sole)

ISSUE 10D: **Is FPL's proposed allocation of costs associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum) between O&M and capital appropriate? If not, what is the correct allocation of costs between O&M and capital?**

FPL: Yes, the FPSC should approve FPL's proposed allocation between O&M and capital. (Ferguson)

ISSUE 10E: **How should the costs associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum) be allocated to the rate classes?**

FPL: Costs associated with the 2015 Consent Agreement (as amended) and 2016 Consent Order should be allocated in the same manner as all other environmental cost recovery amounts approved for recovery under the TPCCMP Project. (Deaton)

ISSUE 10F: **(FPL Proposed Issue) Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its modification to include a temporary manatee heating system for the Fort Lauderdale Plant ("PFL") site as part of its existing Manatee Temporary Heating System ("MTHS") project?**

FPL: Yes. The modification to include a manatee temporary heating system for the PFL site meets the criteria for cost recovery in Section 366.8255, Fla. Stat., and the Commission's Order No. PSC-94-0044-FOF-EI. FPL is planning to modernize the PFL site, and it is a condition of FPL's environmental permits for the site that FPL continue to provide a warm-water refuge for manatees when the plant is taken out of service. This is substantially the same permit requirement that led to the installation of manatee temporary heating systems at FPL's Cape Canaveral, Riviera and Port Everglades plants when they were modernized, and the costs for all of those systems are recovered through the existing MTHS project. Costs for the PFL manatee temporary heating system will be allocated to rate classes in the same manner as all existing costs for the MTHS project.

ISSUE 10G: (FPL Proposed Issue) How should the effects on the 2018 environmental cost recovery factors of the St. Johns River Power Park Transaction (SJRPP), approved by the Commission on September 25, 2017, be addressed?

FPL: At the time that FPL made its 2018 environmental cost recovery projection filing, the Commission was not expected to make a decision on the SJRPP Transaction until after the hearing in this docket, so FPL did not reflect the impacts of that transaction in the calculation of its 2018 environmental cost recovery factors. However, on September 25, 2017 the Commission approved FPL's and OPC's stipulation and settlement resolving all issues concerning the SJRPP Transaction. The net impact of the SJRPP Transaction will be a reduction in the environmental cost recovery factors for 2018. At this point, FPL cannot prepare and file an updated filing reflecting the SJRPP Transaction in time for parties to have a reasonable opportunity to review it before the hearing scheduled in this docket on October 25-27, 2017. Therefore, FPL proposes to file a mid-course correction limited to the impacts of the SJRPP Transaction by no later than November 17, 2017, to allow ample time for Staff and parties to review and conduct discovery, if any, before the mid-course correction is brought to the Commission for decision at the February 6, 2018 agenda conference, with the intent that the revised environmental cost recovery factors go into effect on March 1, 2018.

ISSUES 11, 12A, 12B, 12C:

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

F. STIPULATED ISSUES

There are no stipulated issues at this time.

G. PENDING MOTIONS

FPL has no pending motions at this time.

H. PENDING REQUESTS FOR CONFIDENTIALITY

FPL has no pending requests at this time.

I. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT

FPL does not object to any witness's qualifications as an expert at this time.

J. REQUEST FOR SEQUESTRATION

FPL does not request sequestration of any witnesses.

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. 20170007-EI

I HEREBY CERTIFY that a true and correct copy of FPL's Prehearing Statement has been furnished by electronic service this 29th day of September 2017 to the following:

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