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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20170007-EI

ENVIRONMENTAL COST RECOVERY  
CLAUSE.

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VOLUME 2  
PAGES 222 through 273

PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN JULIE I. BROWN  
COMMISSIONER ART GRAHAM  
COMMISSIONER RONALD A. BRISÉ  
COMMISSIONER DONALD J. POLMANN  
COMMISSIONER GARY F. CLARK

DATE: Wednesday, October 25, 2017

TIME: Commenced at 4:33 p.m.  
Concluded at 5:35 p.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS  
Court Reporter

APPEARANCES: (As heretofore noted.)

PREMIER REPORTING  
114 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
(850) 894-0828

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## I N D E X

## WITNESSES

NAME:	PAGE NO.
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EXHIBITS

NUMBER:	ID	ADMITTED
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22 and 23 - (as identified on Comprehensive Exhibit List)		271

## 1 P R O C E E D I N G S

2 (Transcript follows in sequence from Volume  
3 1.)

4 CHAIRMAN BROWN: And with that, FPL, can you  
5 please call your first witness.

6 MS. CANO: Thank you. Yes.

7 FPL calls Ms. Renae Deaton.

8 CHAIRMAN BROWN: Oh, I have to swear in the  
9 witnesses. Pardon me.

10 All witnesses in the 07 docket who will be  
11 testifying before us today, please stand and raise  
12 your right hand.

13 (Witnesses sworn en masse.)

14 CHAIRMAN BROWN: Thank you. Please be seated.

15 MR. REHWINKEL: Madam Chairman, before --

16 CHAIRMAN BROWN: Uh-huh. Yes.

17 MR. REHWINKEL: -- Ms. Deaton takes the stand,  
18 we had asked for a brief recess.

19 CHAIRMAN BROWN: That's right.

20 MR. REHWINKEL: We have started that  
21 conversation while the openings were going on, and  
22 I just need to check with the -- the company. I  
23 think -- what we've done is offered a process that  
24 hopefully will eliminate almost all of the  
25 questions, maybe, but one or two, and then cut a

1 lot of time that we would take going through a  
2 bunch of numbers, so --

3 CHAIRMAN BROWN: How much time do you need?  
4 Five minutes?

5 MR. REHWINKEL: Maybe five minutes. Yeah.

6 CHAIRMAN BROWN: Okay. Let's take a five-  
7 minute break. Thank you for reminding me.

8 MR. REHWINKEL: Thank you.

9 MR. MOYLE: And can we be brought into this  
10 magic-bullet conversation?

11 CHAIRMAN BROWN: That's up to you guys.

12 MR. REHWINKEL: Absolutely.

13 (Brief recess.)

14 CHAIRMAN BROWN: All right. We are going to  
15 go back on the record at this time in the 01  
16 docket -- 07. Somebody -- somebody needs a cat nap  
17 here.

18 All right. We're back on the record. Would  
19 the parties like to address anything before we take  
20 up Ms. Deaton? Mr. Rehwinkel.

21 MR. REHWINKEL: Yes. Madam Chairman,  
22 Commissioners, I worked out an accommodation with  
23 the company and the witness where we can eliminate  
24 over an hour of -- of tedious number-related cross-  
25 examination by her making corrections to a com- --

1 a summary exhibit that we've prepared. She's  
2 prepared those by hand, and she can read them into  
3 the record.

4 I would propose that we -- that we will accept  
5 the document with the understanding that her  
6 corrections to the document that you will take  
7 today will be corrected elec- -- electronically. A  
8 new document will be printed out and, with the  
9 agreement of parties, will be submitted into the  
10 record either tonight or tomorrow, whatever is  
11 convenient.

12 CHAIRMAN BROWN: Uh-huh.

13 MR. REHWINKEL: Was that -- does that sound --

14 CHAIRMAN BROWN: FPL?

15 MR. BUTLER: I think that that's pretty much  
16 on -- on point. I would say tomorrow morning. I  
17 think it's probably unrealistic for us to do it  
18 this evening before we leave since the witness is  
19 on the stand.

20 And the only thing I would want to clarify is  
21 that the corrected version should become the  
22 exhibit. There should be one exhibit. And it's  
23 the corrected one, as opposed to there being two  
24 exhibits, one that's not corrected and one that is.

25 MR. REHWINKEL: That would be fine with me.

1 MR. BUTLER: Okay.

2 MR. REHWINKEL: I have no problem. I just  
3 wanted to make sure that the record was complete.  
4 And if we can agree on the substitute, that would  
5 be fine.

6 CHAIRMAN BROWN: Okay. All right. Any of the  
7 parties have anything to comment on?

8 Okay. FPL.

9 MS. CANO: Thank you. FPL calls Renae  
10 Deaton.

11 CHAIRMAN BROWN: Ms. Deaton was sworn in  
12 earlier.

13 THE WITNESS: I was.

14 EXAMINATION

15 BY MS. CANO:

16 Q Would you please state your name and business  
17 address for the record.

18 A Renae Deaton, 700 Universe Boulevard, Juno  
19 Beach, Florida.

20 Q By whom are you employed and in what capacity?

21 A Florida Power & Light as the director of cost  
22 recovery clauses.

23 Q Did you prepare and cause to be filed 11 pages  
24 of prefiled direct testimony in this proceeding on  
25 April 3rd, 2017?

1           A     I did.

2           Q     And did you also prepare and cause to be filed  
3 13 pages of prefiled direct testimony in this proceeding  
4 on July 19th, 2017?

5           A     I did.

6           Q     Did you also prepare and cause to be filed  
7 five pages of prefiled direct testimony in this  
8 proceeding on August 11th, 2017?

9           A     I did.

10          Q     And lastly, did you also file errata to your  
11 April 3rd testimony on October 11th, 2017?

12          A     Yes.

13          Q     With the errata, do you have any other changes  
14 or revisions to your prefiled direct testimony?

15          A     No.

16          Q     If I were to ask you the same questions  
17 contained in your prefiled direct testimonies today with  
18 the errata, would your answers be the same?

19          A     Yes, they would.

20                MS. CANO: Chairman Brown, FPL asks that the  
21 prefiled direct testimonies of this witness be  
22 entered into the record as though read.

23                CHAIRMAN BROWN: We will enter into the record  
24 Ms. Deaton's prefiled direct testimony as though  
25 read.



1 MS. CANO: Thank you.

2 (Prefiled direct testimony entered into the  
3 record as though read.)

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**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Environmental Cost    )  
Recovery Clause                    )

DOCKET NO. 20170007-EI  
FILED: October 11, 2017

**ERRATA SHEET**

**JULY 19, 2017 TESTIMONY OF MICHAEL W. SOLE**

<u>PAGE #</u>	<u>LINE #</u>	
Page 3	Line 6	Insert “MWS-1 – FPL Supplemental CAIR/MATS/CAVR Filing”
Page 17	Line 14	Change “(“CESM”)” to “(“CSEM”)”
<u>Exhibit #</u>		
MWS-14		Insert “State of Florida Consent Order” in box found on Line “Floridan Aquifer System Wells” Column “Requirement”

**APRIL 3, 2017 TESTIMONY OF RENAE B. DEATON**

<u>PAGE #</u>	<u>LINE #</u>	
Page 8	Line 16	Change “(“585”)” to “(“600”)”

1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                           **FLORIDA POWER & LIGHT COMPANY**

3                                   **TESTIMONY OF RENAE B. DEATON**

4   **DOCKET NO. 170007-EI**

5   **APRIL 3, 2017**

6

7   **Q.    Please state your name, business address, employer and position.**

8    A.    My name is Renae B. Deaton. My business address is Florida Power & Light  
9           Company, 700 Universe Boulevard, Juno Beach, Florida 33408. I am employed by  
10           Florida Power & Light Company (“FPL” or the “Company”) as Director, Cost  
11           Recovery Clauses, in the Regulatory & State Governmental Affairs Department.

12   **Q.    Please state your education and business experience.**

13   A.    I hold a Bachelor of Science in Business Administration and a Master of Business  
14           Administration from Charleston Southern University. Since joining FPL in 1998, I  
15           have held various positions in the rates and regulatory areas. Prior to my current  
16           position, I held the positions of Senior Manager of Cost of Service and Load  
17           Research and Senior Manager of Rate Design in the Rates and Tariffs Department. I  
18           am a member of the Edison Electric Institute (“EEI”) Rates and Regulatory Affairs  
19           Committee, and I have completed the EEI Advanced Rate Design Course. I have  
20           been a guest speaker at Public Utility Research Center/World Bank International  
21           Training Programs on Utility Regulation and Strategy. In 2016, I assumed my  
22           current position as Director, Cost Recovery Clauses, where I am responsible for

1 providing direction as to appropriateness of inclusion of costs through a cost recovery  
2 clause and the overall preparation and filing of all cost recovery clause documents  
3 including testimony and discovery.

4 **Q. What is the purpose of your testimony?**

5 A. The purpose of my testimony is to present for Commission review and approval the  
6 Environmental Cost Recovery (“ECR”) Clause final true-up amount associated with  
7 FPL’s environmental compliance activities for the period January 2016 through  
8 December 2016.

9 **Q. Have you prepared or caused to be prepared under your direction, supervision  
10 or control an exhibit in this proceeding?**

11 A. Yes, I have. My Exhibit RBD-1 consists of nine forms.

- 12 • Form 42-1A reflects the final true-up for the period January 2016 through  
13 December 2016.
- 14 • Form 42-2A provides the final true-up calculation for the period.
- 15 • Form 42-3A provides the calculation of the interest provision for the period.
- 16 • Form 42-4A provides the calculation of variances between actual and  
17 actual/estimated costs for O&M Activities for the period.
- 18 • Form 42-5A provides a summary of actual monthly costs for the period for O&M  
19 Activities.
- 20 • Form 42-6A provides the calculation of variances between actual and  
21 actual/estimated revenue requirements for capital investment projects for the  
22 period.

- 1           • Form 42-7A provides a summary of actual monthly revenue requirements for the  
2           period for Capital Investment Projects.
- 3           • Form 42-8A provides the calculation of depreciation expense and return on  
4           capital investment for each capital investment project. Pages 40 through 42  
5           provide the beginning of period and end of period depreciable base by production  
6           plant name, unit or plant account and applicable depreciation rate or amortization  
7           period for each capital investment project for the period.
- 8           • Form 42-9A presents the capital structures, components and cost rates relied  
9           upon to calculate the rate of return applied to capital investments and working  
10          capital amounts included for recovery through the ECR Clause for the period.

11 **Q. What is the source of the data that you present by way of testimony or exhibits**  
12 **in this proceeding?**

13 A. Unless otherwise indicated, the data are taken from the books and records of FPL.  
14 The books and records are kept in the regular course of FPL's business in accordance  
15 with Generally Accepted Accounting Principles and practices, and with the  
16 provisions of the Uniform System of Accounts as prescribed by this Commission.

17 **Q. Please explain the calculation of the net true-up amount.**

18 A. Form 42-1A, entitled "Calculation Of The Final True-up Amount" shows the  
19 calculation of the net true-up for the period January 2016 through December 2016, an  
20 over-recovery of \$23,872,381, which FPL is requesting to be included in the  
21 calculation of the ECR factors for the January 2018 through December 2018 period.

22

1 The actual end-of-period over-recovery for the period January 2016 through  
2 December 2016 of \$17,447,539 (shown on Form 42-1A, Line 3) minus the  
3 actual/estimated end-of-period under-recovery for the same period of \$6,424,842  
4 (shown on Form 42-1A, Line 6) results in the net true-up over-recovery for the period  
5 January 2016 through December 2016 (shown on Form 42-1A, Line 7) of  
6 \$23,872,381.

7 **Q. Have you provided a schedule showing the calculation of the end-of-period true-**  
8 **up amount?**

9 A. Yes. Form 42-2A, entitled "Calculation of Final True-up Amount," shows the  
10 calculation of the end-of-period true-up over-recovery amount of \$17,441,290 for the  
11 period January 2016 through December 2016 shown on Line 5 plus the interest  
12 provision of \$6,249 shown on Line 6 and calculated on Form 42-3A results in the  
13 final over-recovery of \$17,447,539.

14 **Q. Is the true-up calculation consistent with the methodology approved by this**  
15 **Commission for other cost recovery clauses?**

16 A. Yes, it is. The calculation of the true-up amount follows the procedures established  
17 by this Commission as set forth on Commission Schedule A-2 "Calculation of the  
18 True-Up and Interest Provisions" for the Fuel Cost Recovery Clause.

19 **Q. Are all costs listed in Forms 42-4A through 42-8A attributable to environmental**  
20 **compliance projects approved by the Commission?**

21 A. Yes, they are.

22

1 **Q. How did actual recoverable project O&M and capital revenue requirements for**  
2 **January 2016 through December 2016 compare with FPL's actual/estimated**  
3 **amounts as presented in previous testimony and exhibits?**

4 A. Form 42-4A shows that total project O&M was \$19,305,973 or 34.6% lower than  
5 projected and Form 42-6A shows that total revenue requirements (return on capital  
6 investments, depreciation and taxes) associated with project capital investments were  
7 \$102,814 or 0.1% higher than projected. Individual project variances are provided on  
8 Forms 42-4A and 42-6A. Revenue requirements for each capital project for the  
9 period January 2016 through December 2016 are provided on Form 42-8A, pages 12  
10 through 39.

11 **Q. Please explain the reasons for the significant variances in project O&M and**  
12 **revenue requirements associated with project capital investments.**

13 A. The significant variances in FPL's 2016 recoverable O&M expenses and Capital  
14 revenue requirements from actual/estimated amounts are associated with the  
15 following projects:

16

17

O&M Variance Explanations

18 **Project 5a. Maintenance of Stationary Above Ground Fuel Storage Tanks**

19 Project expenditures were \$93,123 or 34.0% lower than previously projected. Cost  
20 estimates associated with the Manatee Units 1 and 2 purge tank painting project that  
21 were included in the 2016 actual/estimated filing were later determined to be base  
22 rate related expenses and therefore were not booked as ECRC recoverable, which

1 resulted in a decrease of \$72 thousand. In addition, \$20 thousand for maintenance  
2 work on Tank #8 at the Martin Plant, which was originally scheduled for a December  
3 2016 planned outage, was deferred to a January 2017 planned outage. This  
4 maintenance work is associated with replacement of the fuel level gauge and the  
5 installation on three mixer motors.

6  
7 **Project 19a. Substation Pollutant Discharge Prevention and Removal –**  
8 **Distribution**

9 Project expenditures were \$848,551 or 31.0% lower than previously projected. The  
10 variance is primarily due to delays in obtaining equipment clearances (i.e., de-  
11 energize equipment) required for equipment repair, which resulted in a lower than  
12 projected number of transformer repairs in 2016. This resulted in a decrease in  
13 regasketing expenses of \$700 thousand and decrease in estimated remediation of  
14 transformers of \$130 thousand.

15  
16 **Amortization of Gains on Sales of Emissions Allowances**

17 Gains on sales of emissions allowances were \$656,571 or 4,876.7% higher than  
18 originally projected. The variance is primarily due to higher than originally  
19 forecasted sales of Cross State Air Pollution Rule (“CSAPR”) emission allowances.  
20 Following the Environmental Protection Agency’s publication of its final CSAPR  
21 Update Rule in October 2016, FPL identified an opportunity to sell vintage year 2015  
22 banked ozone season allowances into the market prior to the compliance deadline. In  
23 September 2016, CSPAR Ozone Season NOx allowance Market climbed to



1 \$365/ton, consequently FPL began to sell its excess allowances. By selling the 2,421  
2 banked allowances at a weighted price of \$271/allowance, FPL's customers realized  
3 a net benefit of \$647 thousand.

4  
5 **Project 22. Pipeline Integrity Management**

6 Project expenditures were \$174,102 or 61.5% higher than previously projected. The  
7 primary cause of the variance was an increase of \$179 thousand in the scope of  
8 repairs to the Martin 30" pipeline. The inline inspection of the pipeline identified two  
9 locations with corrosion that required further inspection and repair.

10  
11 **Project 23. Spill Prevention, Control & Countermeasures ("SPCC")**

12 Project expenditures were \$90,890 or 10.1% lower than previously projected. The  
13 variance is primarily due to the expiration of vendor contracts of \$100 thousand that  
14 were not rebid until later in 2016, which resulted in a lower than projected number of  
15 projects completed during the year.

16  
17 **Project 29. SCR Consumables**

18 Project expenditures were \$77,351 or 17.3% lower than previously projected. The  
19 variance is primarily due to Manatee Unit 3 requiring about \$40 thousand less SCR  
20 consumables as a result of implementation of a new ammonia monitoring system to  
21 better control reagent injection rates and \$37 thousand less due to less run time on  
22 Martin Unit 8.

1           **Project 33.   MATS**

2           Project expenditures were \$192,463 or 7.8% higher than previously projected. The  
3           variance is primarily due to use of a new scrubber additive with an associated cost  
4           increase of \$188 thousand at St. Johns River Power Park (“SJRPP”) to control  
5           mercury re-emission.

6

7           **Project 37.   De Soto Next Generation Solar Energy Center**

8           Project expenditures were \$78,799 or 10.6% higher than previously projected. The  
9           variance is due to higher than projected maintenance costs at the Desoto site to  
10          replace faulty connectors at the combiner boxes. FPL replaced the connectors with a  
11          new design that is significantly less prone to failure than the original design.

12

13          **Project 41.   Manatee Temporary Heating Systems**

14          Project expenditures were \$579,685 or 214.7% higher than previously projected. The  
15          variance is primarily due to the purchase of components associated with the Cape  
16          Canaveral Plant temporary manatee heater with a cost of \$585 thousand that was not  
17          anticipated at the time of the 2016 actual/estimated filing. After the filing was made,  
18          these components were identified as long lead time items required to complete the  
19          manatee heating area project following the close of Manatee season on March 31.

20

21          **Project 42.   Turkey Point Cooling Canal Monitoring Plan**

22          Project expenditures were \$18,321,676 or 56.6% lower than previously projected.  
23          The variance is primarily attributed to the deferral of \$9.5 million into 2017 for the

1 Recovery Well System construction, due to a delay in the permit application process  
2 with Miami-Dade County resulting from the challenge to the Consent Order. Also,  
3 \$7 million of O&M for the Recovery Well System, the Barge Canal Turning Basin  
4 Back Fill, and the Turtle Point Back Fill activities were re-classified to capital. This  
5 change in accounting treatment is discussed in detail in FPL witness Ferguson's  
6 testimony. Additionally, \$2.2 million of Nutrient Management Plan/Algae Control  
7 and Remediation costs were deferred into 2017 pending further study of the preferred  
8 method of algae control.

9  
10 **Project 45. 800 MW Unit ESP**

11 Project expenditures were \$54,509 or 5.6% lower than previously projected. The  
12 variance is primarily due to vendor delays associated with the delivery of ESP bin  
13 vent filters, resulting in \$68 thousand for the filters that were planned for delivery in  
14 the last quarter of 2016 being delayed into the first quarter of 2017.

15  
16 **Project 50. Steam Electric Effluent Guidelines Revised Rules**

17 Project expenditures were \$131,312 or 25.5% lower than previously projected. The  
18 variance is primarily due to the deferral into 2017 of \$174 thousand for restoration of  
19 the flue gas desulfurization return water reclaim slurry systems at SJRPP. The  
20 deferral was due to JEA delays in completion of engineering plans and procurement  
21 of labor/parts. This was partially offset by \$45 thousand that was incurred in 2016  
22 and incorrectly recorded to base operating expense due to an intercompany billing

1 issue between FPL and JEA. An accounting reclassification from base operating  
2 expense to ECRC was recorded in January 2017.

3  
4 **Project 54. Coal Combustion Residuals (“CCR”)**

5 Project expenditures were \$59,113 or 8625% higher than projected. The variance is  
6 due to an increase in scope and higher than anticipated costs for third party  
7 engineering evaluations of groundwater monitoring data and development of  
8 associated plans at SJRPP to comply with the CCR rule.

9  
10 Capital Variance Explanations

11 **Project 23. Spill Prevention, Control & Countermeasures (“SPCC”)**

12 Project revenue requirements were \$101,257 or 6.5% higher than previously  
13 projected. The variance is primarily due to the inadvertent omission from the 2016  
14 Actual/Estimated filing of costs associated with installation of secondary containment  
15 piping on the 20” Jet Fuel Line at the Pt. Everglades site. Project work also  
16 included installation of new piping for the 20” Jet Fuel line in locations that were too  
17 close to the existing 12” Jet fuel piping for installation of the secondary containment  
18 piping.

19  
20 **Project 42. Turkey Point Cooling Canal Monitoring Plan**

21 Project revenue requirements were \$194,863 or 22.1% higher than previously  
22 projected. The variance is primarily due to a change to the in-service dates for the  
23 Floridan wells. Four wells were originally expected to go into service in December;

1           however, two wells went into service in August and the other two wells went into  
2           service in November. As discussed in the testimony of FPL witness Ferguson,  
3           certain costs for the Recovery Well System, the Barge Canal Turning Basin Back  
4           Fill, and the Turtle Point Back Fill activities have been reclassified from O&M to  
5           Capital. This is not a contributor to the variance for 2016, however, as these costs are  
6           in Construction Work In Progress.

7   **Q.    Does this conclude your testimony?**

8   **A.    Yes, it does.**

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                   **FLORIDA POWER & LIGHT COMPANY**

3                   **TESTIMONY OF RENAE B. DEATON**

4                   **DOCKET NO. 20170007-EI**

5                   **JULY 19, 2017**

6

7   **Q.    Please state your name, business address, employer and position.**

8    A.    My name is Renae B. Deaton. My business address is Florida Power & Light  
9           Company, 700 Universe Boulevard, Juno Beach, Florida 33408. I am employed by  
10          Florida Power & Light Company (“FPL” or the “Company”) as Director, Cost  
11          Recovery Clauses, in the Regulatory & State Governmental Affairs Department.

12 **Q.    Have you previously filed testimony in this docket?**

13    A.    Yes.

14 **Q.    What is the purpose of your testimony?**

15    A.    The purpose of my testimony is to present for Commission review and approval the  
16          Actual/Estimated True-up associated with FPL’s environmental compliance activities  
17          for the period January 2017 through December 2017.

18 **Q.    Have you prepared or caused to be prepared under your direction, supervision  
19          or control any exhibits in this proceeding?**

20    A.    Yes, I have. My Exhibit RBD-2 consists of nine forms, PSC Forms 42-1E through  
21          42-9E, included in Appendix I.

- 1 • Form 42-1E provides a summary of the Actual/Estimated True-up amount for  
2 the period January 2017 through December 2017.
- 3 • Forms 42-2E and 42-3E reflect the calculation of the Actual/Estimated True-  
4 up amount for the period.
- 5 • Forms 42-4E and 42-6E reflect the Actual/Estimated O&M and Capital cost  
6 variances as compared to original projections for the period.
- 7 • Forms 42-5E and 42-7E reflect jurisdictional recoverable O&M and Capital  
8 project costs for the period.
- 9 • Form 42-8E (Pages 12 through 40) reflects return on capital investments and  
10 depreciation by project. Pages 41 through 44 provide the beginning of period  
11 and end of period depreciable base by production plant name, unit or plant  
12 account and applicable depreciation rate or amortization period for each  
13 Capital Investment Project.
- 14 • Form 42-9E provides the capital structure, components and cost rates relied  
15 upon to calculate the rate of return applied to capital investment amounts  
16 included for recovery for the period January 2017 through December 2017.

17 **Q. Please explain the calculation of the Environmental Cost Recovery Clause**  
18 **(“ECRC”) Actual/Estimated True-up amount FPL is requesting this**  
19 **Commission to approve.**

20 A. The Actual/Estimated True-up amount for the period January 2017 through  
21 December 2017 is an over-recovery, including interest, of \$28,797,701 (Appendix I,  
22 Page 1, Line 4). This Actual/Estimated True-up amount consists of actual data for

1 January 2017 through May 2017 and revised estimates for June 2017 through  
2 December 2017, compared to original projections for the same periods.

3 **Q. Has FPL implemented any changes affecting the recovery of capital costs**  
4 **through the ECRC as a result of its most recent base rate case?**

5 A. Yes. As result of the Stipulation and Settlement Agreement approved by the  
6 Commission in FPL's most recent base rate case (Order No. PSC-2016-0560-AS-EI,  
7 Docket No. 20160021-EI), FPL implemented three changes effective January 1,  
8 2017, that affect the recovery of capital costs through the ECRC. First, FPL  
9 transferred approved ECRC capital projects classified as Construction Work in  
10 Progress ("CWIP") from base rates to ECRC. Second, FPL implemented capital  
11 recovery schedules for retired ECRC recoverable assets over a ten year period.  
12 Third, FPL applied the approved depreciation rates to the ECRC capital projects  
13 beginning in January 2017. These changes have resulted in variances from the  
14 capital costs included in the original projections as noted in the variance explanations  
15 below.

16 **Q. Were the changes discussed herein incorporated into the calculation of FPL's**  
17 **2017 ECRC factors?**

18 A. No. As indicated on pages 7 through 9 in the testimony of FPL witness Terry J. Keith  
19 filed in Docket No. 20160007-EI on September 2, 2016 (and adopted by me on  
20 October 3, 2016), FPL did not include any of these changes in the calculation of its  
21 2017 ECRC factors because the Commission had not yet approved them. However,  
22 because the Commission subsequently approved these changes as part of a



1 comprehensive settlement agreement in Order No. PSC-2016-0560-AS-EI, it is  
2 appropriate to include them as part of the 2017 Actual/Estimated True-up process.

3 **Q. Are all costs listed in Forms 42-1E through 42-8E attributable to environmental**  
4 **compliance projects previously approved by the Commission?**

5 A. Yes.

6 **Q. How do the Actual/Estimated project costs for January 2017 through December**  
7 **2017 compare with original projections?**

8 A. Form 42-4E (Appendix I, Page 4) shows that total O&M project costs were  
9 \$39,147,597 lower than projected, while Form 42-6E (Appendix I, Page 8) shows  
10 that total capital investment project costs were \$8,347,267 higher than projected.  
11 Individual project variances are provided on Forms 42-4E and 42-6E. Revenue  
12 requirements for each project for the 2017 Actual/Estimated period are provided on  
13 Form 42-8E (Appendix I, Pages 12 through 40). Explanations for components of  
14 individual project variances are provided below.

15

16 **O&M Project Variances**

17

18 **Project 1. Air Operating Permit Fees**

19 Project costs are estimated to be \$76,995 or 18.4% lower than previously projected.

20 The variance is primarily due to lower than originally projected gas and oil fuel  
21 usage. The annual Title V fee calculation and cost for the current year is calculated  
22 based on fuel consumption projections provided by the Energy Marketing & Trading

1 group and include the Department of Environmental Protection's fee for pollutant  
2 tons emitted.

3

4 **Project 3a. Continuous Emission Monitoring Systems ("CEMS")**

5 Project costs are estimated to be \$201,770 or 32.5% lower than previously projected.

6 The variance is primarily related to the termination of the annual Data Acquisition  
7 Handling System ("DAHS") service agreement due to the acquisition of a new  
8 CEMS DAHS vendor. Regular expenses for DAHS maintenance will not resume  
9 until 2019 when the new service contract begins.

10

11 **Project 5a. Maintenance of Stationary Above Ground Fuel Storage Tanks**

12 Project costs are estimated to be \$244,757 or 17.9% higher than previously projected.

13 The variance is primarily related to the unplanned American Petroleum Institute  
14 ("API") inspection of the Fort Lauderdale Tank #3. While Tank #3 was not due for  
15 an API internal inspection until 2019, the decision was made to accelerate the  
16 inspection to 2017 while the tank was out-of-service and available to be inspected  
17 during the construction of the new peaker units.

18

19 **Project 17a. Disposal of Non-Containerized Liquid Waste**

20 Project costs are estimated to be \$50,000 or 90.9% lower than previously projected.

21 The variance is primarily related to lower than projected use of oil at the Martin fossil  
22 steam units, which will result in the site not needing to process ash in 2017.

1 **Project 22. Pipeline Integrity Management**

2 Project costs are estimated to be \$220,000 or 121.2% higher than previously  
3 projected. The variance is primarily related to costs associated with the 2018 Martin  
4 Terminal in-line inspection. These costs were inadvertently omitted from the  
5 projection filing.

6

7 **Project 24. Manatee Reburn**

8 Project costs are estimated to be \$192,042 or 128.2% higher than previously  
9 projected. The variance is primarily due to the unanticipated expenses associated  
10 with the rebuilding of pistons and purge steam valves for the reburn system on both  
11 Units 1 and 2.

12

13 **Project 28. CWA 316(b) Phase II Rule**

14 Project costs are estimated to be \$135,591 or 10.4% lower than previously projected.  
15 The variance is primarily due to an outage at the Port Everglades Energy Center,  
16 which delayed commencement of biological monitoring by three months resulting in  
17 an approximately \$80,000 variance. The delay in sampling will result in the deferral  
18 of three months of sampling to 2018. Additionally, there was a (\$57,278) accounting  
19 adjustment to correct an invoice in January 2017 that was processed in December of  
20 2016 with an incorrect amount.

21

22

1 **Project 29. SCR Consumables**

2 Project costs are estimated to be \$107,816 or 18.2% higher than previously projected.

3 The variance is primarily due to an increase in Selective Catalytic Reduction (“SCR”)  
4 maintenance expenses at the Manatee plant resulting from an audit and a 5-year  
5 piping inspection completed in March and May of this year, respectively.

6

7 **Project 31. Clean Air Interstate Rule (“CAIR”) Compliance**

8 Project costs are estimated to be \$1,261,939 or 23.4% lower than previously  
9 projected. The variance is primarily due to the following:

- 10 • Lower than projected ammonia consumption for NO<sub>x</sub> control due to lower  
11 than projected operation of Scherer Unit 4 (\$197 thousand);
- 12 • Lower than projected limestone consumption for SO<sub>x</sub> control at the Scherer 4  
13 Flue-gas desulfurization (“FGD”) system (\$676 thousand);
- 14 • Lower than projected costs for consultant support of the allowance reporting,  
15 banking and trading program as a result of the EPA revision to the CSAPR  
16 rule that removed Florida from the trading program beginning May 2017  
17 (\$308 thousand);
- 18 • Lower than projected costs associated with the Martin 800MW Cycling  
19 project due to reduced run time hours at Martin Units 1 & 2 projected for the  
20 last quarter of 2017 (\$39 thousand); and

- 1           •       Lower than projected costs associated with less ammonia consumption for  
2                   NO<sub>x</sub> control as a result of lower than forecasted generation at SJRPP (\$36  
3                   thousand).

4

5   **Project 33.   MATS**

6           Project costs are estimated to be \$961,115 or 31.9% lower than previously projected.

7           The variance is primarily due to reduced chemical consumption for mercury control  
8           due to lower than forecasted generation at Scherer 4 and SJRPP.

9

10 **Project 39.   Martin Next Generation Solar Energy Center**

11          Project costs are estimated to be \$298,881 or 7.3% lower than previously projected.

12          The variance is primarily due to a change in the scope of repairs to the solar pedestals  
13          which also resulted in a change in the accounting treatment from O&M expense to  
14          capital.

15

16 **Project 40.   Greenhouse Gas Reduction Program**

17          Project costs are estimated to be \$79,000 or 100% lower than previously projected.

18          The variance is primarily due to the EPA's reconsideration of the Clean Power Plan.

19          FPL had projected to spend \$70,000 for analysis and comments on the Clean Power

20          Plan. Until the EPA proposes a draft rule, FPL does not anticipate the use of a

21          consultant for this rulemaking. Remaining reductions in the project were the result of

1 the cancellation of the Greenhouse Gas Service Agreement with Babcock and  
2 Wilcox.

3

4 **Project 41. Manatee Temporary Heating Systems**

5 Project costs are estimated to be \$269,917 or 10.2% lower than previously projected.

6 The variance is primarily due to the advanced purchase of materials for the Cape  
7 Canaveral plant in December 2016 that was originally scheduled for 2017 to allow  
8 for work to be completed prior to November 15, 2017, the start of manatee season  
9 (\$600 thousand). This reduction to the 2017 planned project costs was partially  
10 offset by higher than projected vendor costs at the Cape Canaveral plant (\$340  
11 thousand).

12

13 **Project 42. Turkey Point Cooling Canal Monitoring Plan**

14 Project costs are estimated to be \$36,126,515 or 49.0% lower than previously  
15 projected. The variance is primarily due to the reclassification of \$49.4 million of  
16 O&M to capital, as explained in the testimony of Keith Ferguson filed in in this  
17 docket on April 3, 2017. This was partially offset by \$13 million of costs estimated  
18 to be incurred in 2016 for monitoring and deep injection wells testing that were  
19 deferred into 2017 and identified after the projection filing was submitted in August  
20 2016. Additional details regarding this project are discussed in FPL witness Sole's  
21 testimony.

22

1 **Project 45. 800 MW Unit ESP**

2 Project costs are estimated to be \$420,481 or 36.0% lower than previously projected.

3 The variance is primarily due to reduced staffing resulting from revisions to the site  
4 staffing model for the Manatee Plant's ESP operation and maintenance.

5

6 **Project 47. NPDES Permit Renewal Requirements**

7 Project costs are estimated to be \$65,409 or 114.2% higher than previously projected.

8 The variance is primarily due to two new requirements in the St. Lucie Plant State  
9 Industrial Wastewater ("NPDES") Permit as discussed in FPL witness Sole's  
10 testimony. The new requirements of the permit resulted in an increase of  
11 approximately \$50,000 to conduct a chlorine optimization study and \$17,700 to  
12 conduct a mixing zone reevaluation plan.

13

14 **Capital Project Variances**

15

16 **Project 3b. Continuous Emission Monitoring Systems**

17 Project costs are estimated to be \$110,419 or 22.5% higher than previously projected.

18 The variance is primarily related to the rate case changes previously discussed in my  
19 testimony. The rate case changes impacting this project include the transfer of CWIP  
20 from base to ECRC, the implementation of capital recovery on retired assets, and  
21 new depreciation rates.

22

1 **Project 5b. Maintenance of Stationary Above Ground Fuel Storage Tanks**

2 Project costs are estimated to be \$232,331 or 14.9% higher than previously projected.

3 The variance is primarily due to the implementation of capital recovery schedules on  
4 retired assets. Offsetting this increase was a reduction in spend due to the  
5 cancellation of the Lauderdale Tank 903 Delta Liner replacement.

6

7 **Project 8b. Oil Spill Clean-up/Response Equipment**

8 Project costs are estimated to be \$22,088 or 11.1% lower than previously projected.

9 The variance is primarily due to the cancellation of two activities in 2016, which was  
10 not anticipated at the time the original estimates were filed. These activities are (1)  
11 the Lauderdale intake boom project, which was canceled due to the planned  
12 modernization project, and (2) the Manatee Plant boat launch, which was canceled  
13 due to permitting issues. These reductions were offset by increases due to the  
14 implementation of new depreciation rates.

15

16 **Project 23. SPCC – Spill Prevention, Control & Countermeasures**

17 Project costs are estimated to be \$515,368 or 29.0% higher than previously projected.

18 The variance is primarily due to the implementation of capital recovery schedules on  
19 retired assets, the transfer of CWIP from base to ECRC, and a higher than projected  
20 beginning balance in plant in service due to the inadvertent omission from the 2016  
21 Actual/Estimated filing of costs associated with installation of secondary containment  
22 piping on the 20” Jet Fuel Line at the Pt. Everglades site.



1 **Project 24. Manatee Reburn**

2 Project costs are estimated to be \$598,466 or 20.0% higher than previously projected.

3 The variance is primarily related to the implementation of new depreciation rates.

4

5 **Project 31. Clean Air Interstate Rule (“CAIR”) Compliance**

6 Project costs are estimated to be \$1,259,873 or 2.3% higher than previously

7 projected. The variance is primarily due to implementation of new depreciation rates,

8 and partially offset by the deferral of the replacement of the SCR at St. Johns Unit 1

9 and Scherer Unit 4. FPL’s proposal to shut down SJRPP in January 2018 would

10 negate the need for the replacement.

11

12 **Project 34. St. Lucie Cooling Water System Inspection and Maintenance**

13 Project costs are estimated to be \$391,641 or 2,345.1% higher than previously

14 projected. The variance is primarily due to the transfer of CWIP from base to ECRC.

15

16 **Project 36. Low-Level Radioactive Waste Storage**

17 Project costs are estimated to be \$128,979 or 7.0% higher than previously projected.

18 The variance is primarily due to FPL’s implementation of new depreciation rates.

19

20 **Project 39. Martin Next Generation Solar Energy Center**

21 Project costs are estimated to be \$1,749,059 or 4.0% lower than previously projected.

22 The variance is primarily due to the implementation of new depreciation rates.

1 **Project 42. Turkey Point Cooling Canal Monitoring Plan**

2 Project costs are estimated to be \$2,088,431 or 144.1% higher than previously  
3 projected. The variance is primarily due to the transfer of CWIP from base to ECRC  
4 and the reclassification of \$49.4 million of O&M to capital, as explained in the  
5 testimony of Keith Ferguson filed in in this docket on April 3, 2017.

6

7 **Project 45. 800 MW ESP**

8 Project costs are estimated to be \$3,848,850 or 16.2% higher than previously  
9 projected. The variance is primarily due to the implementation of new depreciation  
10 rates.

11

12 **Project 54. Coal Combustion Residuals (“CCR”)**

13 Project costs are estimated to be \$936,519 or 125,468.6% higher than previously  
14 projected. The variance is primarily due to the transfer of CWIP from base to ECRC  
15 and increased expenditures for CCR compliance at Scherer.

16 **Q. Does this conclude your testimony?**

17 A. Yes, it does.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF RENAE B. DEATON**

4 **DOCKET NO. 20170007-EI**

5 **AUGUST 11, 2017**

6

7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Renae B. Deaton. My business address is Florida Power & Light  
9 Company, 700 Universe Boulevard, Juno Beach, Florida 33408. I am employed by  
10 Florida Power & Light Company (“FPL” or the “Company”) as Director, Cost  
11 Recovery Clauses, in the Regulatory & State Governmental Affairs Department.

12 **Q. Have you previously filed testimony in this docket?**

13 A. Yes.

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to present for Commission review and approval  
16 FPL’s Environmental Cost Recovery Clause (“ECRC”) projections and factors for  
17 the January 2018 through December 2018 period.

18 **Q. Is this filing in compliance with Order No. PSC-1993-1580-FOF-EI, issued in**  
19 **Docket No. 19930661-EI?**

20 A. Yes. The costs being submitted for the 2018 projected period are consistent with that  
21 order.

22 **Q. Have you prepared or caused to be prepared under your direction, supervision**  
23 **or control any exhibits in this proceeding?**

1 A. Yes, I am sponsoring the following exhibit with two appendices:

2 • Exhibit RBD-3 provides the calculation of FPL's proposed ECRC factors for  
3 the period January 2018 through December 2018 and includes PSC Forms  
4 42-1P through 42-8P, which are provided in Appendix I. Appendix II  
5 provides the calculation of the stratified separation factors.

6 ○ FPL witness Michael W. Sole is co-sponsoring Form 42-5P (Project  
7 Progress Reports).

8 **Q. Please describe the schedules that are provided in Appendix I.**

9 A. Forms 42-1P through 42-8P provide the calculation of ECRC factors for the period  
10 January 2018 through December 2018 that FPL is requesting this Commission to  
11 approve.

12

13 Form 42-1P (page 1) provides a summary of projected environmental costs being  
14 requested for recovery for the period January 2018 through December 2018. Total  
15 jurisdictional revenue requirements including true-up amounts and revenue taxes, are  
16 \$159,834,905 (page 1, line 5). The jurisdictional revenue requirements projected for  
17 the January 2018 through December 2018 period are \$212,389,989 (page 1, line 1c);  
18 the total true-up is an over recovery of \$52,670,082, which consists of the  
19 actual/estimated true-up over-recovery of \$28,797,701 for the January 2017 through  
20 December 2017 period (page 1, line 2) and the final true-up over-recovery of  
21 \$23,872,381 for the January 2016 through December 2016 period (page 1, line 3).

22 The detailed calculations supporting the 2016 final and 2017 actual/estimated true-  
23 ups were provided in Exhibit RBD-1 filed on April 1, 2017, and Exhibit RBD-2 filed

1 on July 19, 2017, respectively.

2

3 Form 42-2P (pages 2 through 4) presents the O&M costs associated with FPL's  
4 environmental projects for the projected period along with the calculation of the total  
5 jurisdictional amount of \$41,326,467 for these projects.

6

7 Form 42-3P (pages 5 through 7) presents the recoverable amounts associated with  
8 capital costs for FPL's environmental projects for the projected period, along with the  
9 calculation of the total jurisdictional recoverable amount of \$171,063,521.

10

11 Form 42-4P (pages 8 through 50) presents the detailed calculation of these  
12 recoverable amounts by project for the projected period. Pages 51 through 53  
13 provide the beginning of period and end of period depreciable base by production  
14 plant name, unit or plant account and applicable depreciation rate or amortization  
15 period for each capital investment project.

16

17 Form 42-5P (pages 54 through 116) provides the description and progress of  
18 approved environmental projects included in the projected period.

19

20 Form 42-6P (page 117) calculates the allocation factors for demand and energy at  
21 generation. The demand allocation factors are calculated by determining the  
22 percentage each rate class contributes to the average of the twelve monthly system  
23 peaks. The energy allocators are calculated by determining the percentage each rate

1 class contributes to total kWh sales, as adjusted for losses.

2

3 Form 42-7P (page 118) presents the calculation of the proposed 2018 ECRC factors  
4 by rate class.

5

6 Form 42-8P (page 119) presents the capital structure, components and cost rates  
7 relied upon to calculate the rate of return applied to capital investments included for  
8 recovery through the ECRC for the period January 2018 through December 2018.

9 Per Order No. PSC-2012-0425-PAA-EU issued on August 16, 2012, FPL is using the  
10 capital structure and cost rates from the May 2017 Earnings Surveillance Report.

11 **Q. Are all costs listed in Forms 42-1P through 42-8P included in Appendix I**  
12 **attributable to environmental compliance projects previously approved by the**  
13 **Commission?**

14 A. Yes. On July 19, 2017, FPL petitioned for approval of a modification to its existing  
15 Manatee Temporary Heating System Project to permit ECRC recovery of costs  
16 incurred to install and operate a temporary heating system to provide a warm-water  
17 refuge for manatees at FPL's Fort Lauderdale Plant site during the planned  
18 modernization at that site. This project is discussed in the testimony of FPL witness  
19 Michael W. Sole filed on July 19, 2017.

20 **Q. Has FPL accounted for stratified wholesale power sales contracts in the**  
21 **jurisdictional separation of the environmental costs?**

22 A. Yes. FPL has separated the production-related environmental costs based on  
23 stratified separation factors that better reflect the types of generation required to serve

1 load under stratified wholesale power sales contracts. The use of stratified separation  
2 factors thus results in a more accurate separation of environmental costs between the  
3 retail and wholesale jurisdictions.

4  
5 FPL has three stratified wholesale power sales contracts in effect in 2018: (1) a 200  
6 MW intermediate contract with Seminole Electric Cooperative Inc., (2) a 20 MW  
7 peaking contract with the city of New Smyrna Beach, and (3) a combined  
8 intermediate / peaking contract with the Florida Public Utilities Company. The  
9 separation factors for the intermediate and peaking strata were calculated in a manner  
10 consistent with the separation factors used for the non-nuclear contracts (expired)  
11 with the City of Key West (“CKW”) in FPL’s 2012 base rate case, Docket No.  
12 20120015-EI, and for both CKW and the Florida Keys Electric Cooperative  
13 (“FKEC”) in FPL’s 2009 base rate case, Docket No. 20080677-EI (the last FPL rate  
14 cases that were based on test years when those contracts were still in effect), and in  
15 prior base rate cases. The calculations of the stratified separation factors are provided  
16 in Appendix II.

17 **Q. Does this conclude your testimony?**

18 **A.** Yes, it does.

1 BY MS. CANO:

2 Q Do you also sponsor or co-sponsor exhibits to  
3 your testimony?

4 A I do.

5 Q And those consist of RBD-1 through RBD-3?

6 A Yes.

7 MS. CANO: For the record, I would note that  
8 these have been premarked for identification as  
9 Exhibits 22 through 24, and they were not  
10 previously moved.

11 CHAIRMAN BROWN: Thank you. Noted.

12 BY MS. CANO:

13 Q Okay. Would you please provide a summary of  
14 your direct testimony to the Commission.

15 A Yes.

16 Good afternoon, Chairman Brown and  
17 Commissioners. The purpose of my testimony in this  
18 docket is to present for review and approval the cost  
19 incorporated in FPL's 2017 Environmental Cost Recovery  
20 Clause.

21 The three filings I support are the final  
22 true-up for 2016, the actual estimated true-up for 2017,  
23 and the projections for 2018. The associated  
24 jurisdictional amount to be included in the 2018  
25 environmental recovery factor is a \$23.9 million over-



1 recovery for 2016, a \$28.8 million over-recovery for  
2 2017, and a 2018 environmental cost of \$159.8 million,  
3 which is net of true-ups and revenue taxes.

4           Commissioners, most of the over-recovery  
5 discussed above in 2016 and 2017 is due to the reduction  
6 in the production -- projected revenue requirements for  
7 the Turkey Point Cooling Canal Project.

8           There is a total over-recovery of \$52 million  
9 associated with that project. That's partially due to  
10 the reclassification of -- from O & M to capital, as  
11 discussed by Witness Ferguson later.

12           The projected cost for next year is going to  
13 be \$26 million. The net impact of the \$52 million over-  
14 recovery being refunded to customers and the \$26 million  
15 cost in 2018 is a \$26-million over-recovery that will be  
16 refunded to customers.

17           The environmental cost recovery factor for the  
18 2018 calendar year is 0.159 cents per kilowatt hour, or  
19 \$1.59 on a residential thousand-kilowatt-hour bill.

20           That concludes the summary of my direct  
21 testimony. Thank you.

22           MS. CANO: FPL tenders the witness for cross-  
23 examination.

24           CHAIRMAN BROWN: Thank you.

25           Mr. Rehwinkel.

1 MR. REHWINKEL: Yes. Madam Chairman, I have  
2 passed out two exhibits.

3 CHAIRMAN BROWN: Okay. We will mark those for  
4 identification as --

5 MR. REHWINKEL: The first one would be the  
6 2017 and 2018 Project 42 projections.

7 CHAIRMAN BROWN: Okay. Just a second. My  
8 list is all --

9 MS. HELTON: 67.

10 CHAIRMAN BROWN: We'll mark that as  
11 Exhibit 67.

12 (Whereupon, Exhibit No. 67 was marked for  
13 identification.)

14 CHAIRMAN BROWN: And then the next one we will  
15 mark as FPL's response to staff --

16 MR. REHWINKEL: Madam Chairman, before you do  
17 that -- this is a document that is already in the  
18 stipulated witness -- staff comprehensive --

19 CHAIRMAN BROWN: I --

20 MR. REHWINKEL: -- exhibit list.

21 CHAIRMAN BROWN: Uh-huh.

22 MR. REHWINKEL: If you need to give it a  
23 number, you can.

24 CHAIRMAN BROWN: I would like to.

25 MR. REHWINKEL: Okay.



1 of time, you have made certain corrections to my  
2 presentation of those numbers; is that correct?

3 A Yes.

4 Q Okay. Would you walk the Commission through  
5 whatever you think is the most-efficient way -- perhaps,  
6 by Lines A, B, and C, and D -- to any changes you would  
7 make?

8 A Yes. On Line A, there's a slight adjustment  
9 to the jurisdictional factor of -- it should be  
10 0.9489172. And the total jurisdictional amount would be  
11 \$35,726,662.

12 COMMISSIONER GRAHAM: Go slower, please.

13 THE WITNESS: Sorry.

14 CHAIRMAN BROWN: Can you repeat that?

15 THE WITNESS: Yes, the jurisdictional factor  
16 is 0.9489172. The -- in Column 4, the FPSC  
17 jurisdictional total is \$35,726,662. And then,  
18 over in Column 8, the total -- 2017 and 2018  
19 jurisdictional grand total would be \$53,738,202.

20 On Line B, investment should be titled  
21 "Capital Revenue Requirements."

22 And Line D should be titled "Equity Component  
23 and Taxes."

24 Oh, and the footnotes -- six and eight should  
25 be reversed.

1 BY MR. REHWINKEL:

2 Q Is it six and seven or six and eight?

3 A I'm sorry. Six and seven.

4 Q Okay. Ms. Deaton, can I ask you, on Line C in  
5 Column 8, would that number change slightly, the  
6 64 million?

7 A Oh, yes, it would. Sorry. I don't --

8 Q Okay.

9 A Don't have that change here, but it would  
10 change.

11 Q So, the -- the number in Line C, Column 8  
12 would be the sum of 53,738,202 and 10,261,595?

13 A Yes, it would.

14 Q Okay. And as I understand, your staff is  
15 working on these revisions that you've testified to  
16 today, and we will replace this document with a revised  
17 Exhibit 67, if that's acceptable to everyone, with those  
18 changes.

19 A Yes.

20 Q Okay. Thank you. Okay. That saved us a good  
21 bit of time. Thank you, Ms. Deaton.

22 Just one last line of questions from  
23 Exhibit 68. This is an interrog- -- the company's  
24 response to Interrogatory 6 and 9. And I believe you  
25 are the witness identified for -- to be responsible for

1 these --

2 A Yes.

3 Q -- responses?

4 A Yes.

5 Q Okay. And I just want to confirm to you -- if  
6 you can look at Interrogatory No. 6, the -- the balance  
7 at the end 2014 for plant-in-service related to what you  
8 call Project 42 is 3,582,753?

9 A That's correct.

10 Q Okay. And that number is now close to  
11 69 million at the -- projected for -- for 2018; is that  
12 correct?

13 A I have to check (examining document).

14 That's -- that's correct: 69,410,191.

15 Q Okay. Thank you.

16 And in Interrogatory 9, this shows the O & M  
17 costs that have been submitted for recovery for the  
18 Project 42 from years 2009 to 2016; is that right?

19 A That's correct.

20 MR. REHWINKEL: Okay. And -- okay. Thank  
21 you. Those are all the questions I have. Thank  
22 you, Ms. Deaton.

23 THE WITNESS: You're welcome.

24 CHAIRMAN BROWN: All right.

25 FIPUG.

1 MR. MOYLE: I just have a couple.

2 EXAMINATION

3 BY MR. MOYLE:

4 Q Just for the record, the Project 42 is the  
5 Turkey Point Cooling Canals, correct?

6 A The Turkey Point Cooling Canal Monitoring  
7 Project, I believe, is the name of it.

8 Q Okay. And in your opening comments, you had  
9 said that -- I didn't get it exactly, but I thought you  
10 said that the average impact of the requested filing was  
11 \$1.59 on residential; is that right?

12 A That's the impact for the ECCR -- ECRC factor,  
13 yes --

14 Q Okay.

15 A -- for all of the environmental costs.

16 Q Okay. Do you know what that impact is on --  
17 on industrial customers?

18 A I can look at the factor, if you like.

19 Q If -- if you would, that would be appreciated.

20 A So, which rate schedule are you interested in?

21 Q The -- the large -- the largest users that you  
22 have.

23 A The CI- -- CILC1T rate?

24 Q Right.

25 A Is -- (examining document) -- 0.00109 cents

1 per -- or dollars per kilowatt hour -- or .109 cents per  
2 kilowatt hour.

3 MR. MOYLE: Thank you. That's all I have.

4 CHAIRMAN BROWN: All right. SACE.

5 MR. CAVROS: I have no questions for this  
6 witness.

7 CHAIRMAN BROWN: Nice.

8 Staff?

9 MR. MURPHY: No questions.

10 CHAIRMAN BROWN: Commissioners.

11 Yes, Commissioner Clark.

12 COMMISSIONER CLARK: Can you restate that  
13 one-hour charge, please?

14 THE WITNESS: For the CLC1T- --

15 COMMISSIONER CLARK: The LP rate -- the CL  
16 rate. I'm sorry.

17 THE WITNESS: 0.109 cents per kilowatt hour.

18 COMMISSIONER CLARK: One more time. I'm  
19 sorry.

20 THE WITNESS: 0.109 cents per kilowatt hour.

21 COMMISSIONER CLARK: Thank you.

22 CHAIRMAN BROWN: Any other questions from the  
23 Bench?

24 Seeing none, redirect.

25 MS. CANO: Believe it or not -- not actually



1           redirect, but we may have identified the need for  
2           an additional edit to this document, if I could  
3           just ask the witness about that, briefly.

4                   CHAIRMAN BROWN:    Sure.

5                                    FURTHER EXAMINATION

6   BY MS. CANO:

7           **Q     Ms. Deaton, you walked through the changes on**  
8   **Exhibit 77 [sic] with Mr. Rehwinkel?**

9           A     Yes.

10          **Q     Would Line C, Column 4 also need to be revised**  
11 **based on the edits you made to Line A, Column 4?**

12          A     Yes -- um, well -- Line C?

13          **Q     Line C, Column 4.**

14          A     Yes.   Yes.

15          **Q     Okay.**

16          A     Column 4 would be the total of Lines A and B.

17                MS. CANO:   Thank you.   That's all I have.

18                CHAIRMAN BROWN:   Okay.   Thank you.

19                And we will expect an updated 67 tomorrow?

20                MS. CANO:   Yep.

21                CHAIRMAN BROWN:   Okay.   That sounds good.

22                Exhibits -- this witness has Exhibits 22, 23,  
23                and 24.

24                MS. CANO:   Yes, at this time, FPL moves

25                Exhibits 22 and 23 only.   Mr. Sole co-sponsors 24.

1 So, we'll move that at the end of his testimonies.

2 CHAIRMAN BROWN: Okay. Seeing no objection,  
3 we'll go ahead and enter in 22 and 23.

4 (Whereupon, Exhibit Nos. 22 and 23 were  
5 admitted into evidence.)

6 CHAIRMAN BROWN: All right. OPC.

7 MR. REHWINKEL: Madam Chairman, I do not need  
8 to move 68 because it is already in the record, in  
9 the conference of exhibit.

10 And I would wait to move 67 in when -- when we  
11 get the -- the clean copy.

12 CHAIRMAN BROWN: Yes, that sounds reasonable.

13 MR. REHWINKEL: Thank you.

14 CHAIRMAN BROWN: All right. Would you like  
15 this witness excused?

16 MS. CANO: Yes, this witness has no rebuttal.  
17 So, we ask that she be excused.

18 CHAIRMAN BROWN: Ms. Deaton, you're excused.  
19 Safe travels for you.

20 All right. So, it's 5:30. We will be  
21 adjourning very shortly, but I would like us to  
22 start a little bit earlier tomorrow. Does  
23 9:00 sound reasonable to everyone?

24 So, we will convene at 9:00. And we will take  
25 up Mr. Sole as the first witness.

1           With that, if there are no other comments  
2           or -- Mr. Rehwinkel?

3           MR. REHWINKEL: No, I wanted to thank you for  
4           the accommodation. It's really appreciated.

5           CHAIRMAN BROWN: Thank you.

6           All right. We are adjourned for the evening.  
7           Thank you.

8           (Transcript continues in sequence in Volume  
9           3.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, ANDREA KOMARIDIS, Court Reporter, do hereby  
certify that the foregoing proceeding was heard at the  
time and place herein stated.

IT IS FURTHER CERTIFIED that I  
stenographically reported the said proceedings; that the  
same has been transcribed under my direct supervision;  
and that this transcript constitutes a true  
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I FURTHER CERTIFY that I am not a relative,  
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attorney or counsel connected with the action, nor am I  
financially interested in the action.

DATED THIS 31st day of October, 2017.



\_\_\_\_\_  
ANDREA KOMARIDIS  
NOTARY PUBLIC  
COMMISSION #GG060963  
EXPIRES February 9, 2021