

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Environmental Cost Recovery Clause

Docket No: 20180007-EI

Filed: February 12, 2018

**PETITION FOR APPROVAL OF MODIFICATION  
TO MANATEE TEMPORARY HEATING SYSTEM PROJECT**

Florida Power & Light Company (“FPL”) hereby petitions the Florida Public Service Commission (“Commission”) for approval of a modification to its approved Manatee Temporary Heating System (“MTHS”) Project such that prudent costs incurred after the date of this Petition for the modification may be recovered as “environmental compliance costs” through the Environmental Cost Recovery Clause (“ECRC”). In support of this Petition, FPL states as follows:

1. Section 366.8255, Florida Statutes, authorizes the Commission to review and approve environmental compliance projects, and modifications to such projects, for which prudently incurred environmental compliance costs may be recovered through the ECRC.

2. FPL is requesting to modify its existing, approved MTHS Project to include an MTHS at FPL’s Fort Myers Plant site (“PFM”). Previously, this Commission has approved the MTHS Project to allow recovery of costs incurred to meet permit requirements for providing warm water manatee refuges at FPL’s Cape Canaveral, Riviera Beach, Port Everglades and Fort Lauderdale plants while they were shut down for modernization projects. As described in further detail below, the inclusion of an MTHS for PFM is being undertaken in order to comply with a similar permit requirement, during periods when PFM is shut down for extended outages or because it is not being economically dispatched.

3. PFM was repowered in 2003 with what was highly efficient combined cycle technology for the time. As part of the Manatee Protection Plan that was approved on July 12, 1999, and is implemented via PFM's NPDES permit, FPL is obligated to maintain a warm water manatee refuge if the water temperature at the PFM's cooling water discharge falls below 61 degrees Fahrenheit. PFM's current NPDES Permit No. CFL0001490 was issued by the Florida Department of Environmental Protection ("FDEP") effective January 20, 2016. This permit requirement is substantially the same as the permit requirements at the Cape Canaveral, Riviera Beach, Port Everglades and Fort Lauderdale plants, for which the Commission has previously authorized FPL to include an MTHS within the approved MTHS Project.

4. Until recently, FPL has not needed to have an MTHS at PFM because the plant routinely operated during the manatee heating season and thus the plant's regular cooling water discharges provided a sufficient and consistent supply of warm water. For the reasons described below, however, FPL cannot continue to rely solely on the plant's regular cooling water discharges to meet the permit requirement for a warm water manatee refuge.

5. Over the past two decades, FPL has embarked on a concerted program of upgrading its fossil power plant fleet, constructing state-of-the-art combined cycle units at its Turkey Point, Martin, Manatee, West County, Cape Canaveral, Riviera Beach and Port Everglades plant sites, with another such unit planned to go into service in 2019 at the Okeechobee plant site. With each successive generation of combined cycle technology, the efficiency has continued to improve, resulting in \$9.3 billion in fuel savings for customers and over 120 million tons of carbon dioxide avoided. The addition of these highly efficient combined cycle units has had two consequences for PFM that are now requiring the addition of an MTHS at the site.

6. First, combined cycle units need significant routine maintenance. Until now, FPL has been able to schedule the maintenance for PFM outside of the manatee season (November 15 – March 31) so that it would be able to rely on the plant’s normal cooling water discharge to provide a warm water manatee refuge without the need for an MTHS. The upgrades at other plant sites discussed above have resulted in both a significant increase in the number of combined cycle units requiring routine maintenance and a significant decrease in the number of smaller units with individual steam turbines that can remain in operation to provide warm water for manatees. For example, prior to 2013, the Cape Canaveral plant consisted of two individual steam units; now the plant consists of three combustion turbines with heat recovery steam generators that provide steam to a single steam turbine. When the Cape Canaveral plant is taken out of service today, the single steam turbine is idled and thus no cooling water discharge is available to provide warm water for manatees.

7. The size of FPL’s combined cycle fleet and the reduction in the number of small, single units that can be taken out of service separately for maintenance outages has now reached the point that FPL can no longer ensure that the PFM outages are sequenced outside of manatee season. In fact, FPL will be commencing a maintenance outage at PFM on March 5, 2018, which is within the manatee season. FPL needs to be prepared for the possibility of cold weather during that outage and future outages that would require an MTHS to meet the permit requirement for a warm water manatee refuge.

8. Second, improvements in the efficiency of FPL’s fossil fuel fleet since the time that PFM was repowered have pushed PFM down the dispatch stack to the point that FPL can no longer be confident that it will be dispatched regularly and for sustained periods during winter months. When PFM was first repowered, it was one of the most efficient and economical units

in FPL's fleet, and as such, it would be dispatched routinely even during periods of relatively low winter-time load. Now, however, the more recent combined cycle units are more efficient and are dispatched before PFM, with the result that there may be extended periods during manatee season when PFM would not be dispatched to meet load and thus would not be producing a cooling water discharge that could maintain the necessary warm water manatee refuge. While it would be possible to dispatch PFM out of dispatch in order to provide warm water, the substantial fuel and other operating and maintenance expenses incurred to do so means that it would not be as economic as installing an MTHS.

9. In order for FPL to provide warm water during the March 2018 outage, a temporary diesel-burning MTHS is being rented and temporarily installed at the site. To provide warm water for future outages during manatee season, FPL is purchasing and installing an electric MTHS at the site. This electric MTHS will be similar to what was installed at the Cape Canaveral Clean Energy Center.

10. Following the filing of this petition, FPL estimates that it will incur \$250,000 in O&M expenses for the temporary diesel-burning system, consisting of rental payments and fuel. The total estimated capital cost for the electric MTHS is \$5 million. FPL's total annual O&M estimate for the electric MTHS is \$30,000. This modification satisfies the three-part test for ECRC eligibility set forth in Order No. PSC-94-0044-FOF-EI.<sup>1</sup>

11. FPL asks that the Commission consider this Petition at its regular hearing in this docket, which FPL understands will be scheduled in the Fall of 2018. FPL intends to file

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<sup>1</sup> Order No. PSC-94-0044-FOF-EI states:

Upon petition, we shall allow the recovery of costs associated with an environmental compliance activity through the environmental cost recovery factor if:

1. such costs were prudently incurred after April 13, 1993;
2. the activity is legally required to comply with a governmentally imposed environmental regulation enacted, became effective, or whose effect was triggered after the company's last test year upon which rates are based; and,
3. such costs are not recovered through some other cost recovery mechanism or through base rates.

supporting testimony and exhibits providing additional detail on the PFM MTHS in conjunction with its 2017 Final True-Up filing in this docket, which FPL expects to be due on or about April 1, 2018. This will provide ample time for the Commission Staff and all parties to review and conduct discovery regarding the proposed project modification before the Fall 2018 hearing.

WHEREFORE, FPL respectfully requests that the Commission approve modification of the MTHS Project to include the PFM MTHS as an “environmental compliance activity,” such that prudent costs incurred for the PFM MTHS after the date of this petition may be recovered through the ECRC.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**  
**Docket No. 20180007-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished

by electronic service on this 12th day of February 2018 to the following:

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