

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Environmental Cost Recovery Clause

Docket No. 20180007-EI  
Filed: October 12, 2018

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

Florida Power & Light Company (“FPL”), pursuant to Order No. PSC-2018-0090-PCO-EI and Order No. PSC-2018-0248-PCO-PU, hereby submits its Prehearing Statement regarding the issues to be addressed at the hearing scheduled for November 5-7, 2018.

**A. APPEARANCES**

R. Wade Litchfield, Esq.  
Vice President and General Counsel  
Maria J. Moncada  
Senior Attorney  
Joel Baker  
Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408  
Telephone: (561) 304-5795  
Facsimile: (561) 691-7135

**B. WITNESSES**

<b>DIRECT WITNESSES</b>	<b>SUBJECT MATTER</b>	<b>ISSUES</b>
Rena B. Deaton, FPL	Presents FPL’s Environmental Cost Recovery Clause (“ECRC”) final true-up for 2017, Actual/Estimated True-up for 2018, Projections for 2019, and ECRC factors for January through December 2019. Ms. Deaton is an expert in electric utility rates and rate regulation.	1-8, 10d, 13
Michael W. Sole, FPL	Supports the prudence of FPL’s TPCCMP project costs. Supports recovery of prudently incurred costs associated with FPL’s	1-3, 10a-10c, 10e

	<p>proposed Solar Site Avian Monitoring and Reporting project and modifications to the Manatee Temporary Heating System and National Pollution Discharge Elimination System Permit Renewal Requirement projects. Mr. Sole is an expert in Florida environmental regulation and policy.</p>	
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**C. EXHIBITS**

<b>DIRECT EXHIBITS</b>	<b>WITNESS</b>	<b>DESCRIPTION</b>
MWS-1	M.W. Sole	FPL Supplemental CAIR/MATS/CAVR Filing
MWS-2	M.W. Sole	Conceptual Location of Fort Myers Plant Manatee Heating System
MWS-3	M.W. Sole	FDEP NPDES Permit for PFM
MWS-4	M.W. Sole	PFM Manatee Protection Plan
MWS-5	M.W. Sole	Environmental Protection Division of the Georgia Department of Natural Resources Permit NPDES Permit Number GA00035564 for Plant Scherer
MWS-6	M.W. Sole	Application for EPD NPDES Permit GA00035564 Renewal for Plant Scherer
MWS-7	M.W. Sole	Letter from Georgia Power to Plant Scherer Co-Owners
MWS-8	M.W. Sole	Alachua County Development Review Committee Order DR-17-04
MWS-9	M.W. Sole	FWC Protocol for Monitoring Avian Mortality at Solar Energy Facilities
RBD-1	R.B. Deaton	Environmental Cost Recovery Final True-up January 2017 - December 2017 Commission Forms 42-1A through 42-9A

RBD-2	R.B. Deaton	Appendix I - Environmental Cost Recovery Actual/Estimated True-up January 2018 – December 2018 - Commission Forms 42-1E through 42-9E
RBD-3	R.B. Deaton	Appendix II – Schedules reflecting calculation of revised Environmental Cost Recovery Final True-up amount January 2017-December 2017
RBD-4	R.B. Deaton	Appendix I - Environmental Cost Recovery Projections - January 2019 – December 2019 Commission Forms 42-1P through 42-8P  Appendix II - Calculation of Stratified Separation Factors

**D. STATEMENT OF BASIC POSITION**

FPL’s 2019 ECRC factors, including prior period true-ups, are reasonable and should be approved. The Commission also should approve FPL’s Solar Site Avian Monitoring and Reporting Project and modifications to FPL’s Manatee Temporary Heating System and National Pollution Discharge Elimination System Permit Renewal Requirement Projects as proposed.

**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 2017 through December 2017?**

**FPL:** \$31,560,081 over-recovery. (Deaton, Sole)

**ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2018 through December 2018?**

**FPL:** \$5,614,420 under-recovery. (Deaton, Sole)

**ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2019 through December 2019?**

**FPL:** \$187,365,910. (Deaton, Sole)

**ISSUE 4:**     **What are the environmental cost recovery amounts, including true-up amounts, for the period January 2019 through December 2019?**

**FPL:**           \$161,536,472, including prior period true-up amounts and revenue taxes. (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 2019 through December 2019?**

**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. For the period January 2019 through December 2019, FPL should use the depreciation rates approved by the Commission in FPL’s 2016 rate case settlement agreement, Order No. PSC-16-0021. (Deaton)

**ISSUE 6:**     **What are the appropriate jurisdictional separation factors for the projected period January 2019 through December 2019?**

<b>FPL:</b>	Retail Energy Jurisdictional Factor - Base/Solar	95.9309%
	Retail Energy Jurisdictional Factor - Intermediate	94.4167%
	Retail Energy Jurisdictional Factor - Peaking	95.5155%
	Retail Demand Jurisdictional Factor - Transmission	89.2071%
	Retail Demand Jurisdictional Factor - Base/Solar	95.7589%
	Retail Demand Jurisdictional Factor - Intermediate	94.2474%
	Retail Demand Jurisdictional Factor - Peaking	95.3443%
	Retail Demand Jurisdictional Factor - General Plant	96.9214%
	Retail Demand Jurisdictional Factor - Distribution	100.0000% (Deaton)

**ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2019 through December 2019 for each rate group?**

**FPL:**

RATE CLASS	Environmental Cost Recovery Factor (cents/kWh)
RS1/RTR1	0.159
GS1/GST1	0.157
GSD1/GSDT1/HLFT1	0.142
OS2	0.086
GSLD1/GSLDT1/CS1/CST1/HLFT2	0.139
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.121
GSLD3/GSLDT3/CS3/CST3	0.121
SST1T	0.108
SST1D1/SST1D2/SST1D3	0.138
CILC D/CILC G	0.121
CILC T	0.112
MET	0.130
OL1/SL1/SL1M/PL1	0.035
SL2/SL2M/GSCU1	0.113
Total	0.149

(Deaton)

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

**FPL:** The environmental cost recovery factors should be effective for meter readings that occur on or after January 1, 2019. These charges should continue in effect until modified by subsequent order of this Commission. (Deaton)

COMPANY-SPECIFIC ISSUES

**ISSUE 10A: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modifications to its Manatee Temporary Heating System project?**

**FPL:** Yes. FPL is requesting to modify its existing, approved Manatee Temporary Heating System (“MTHS”) Project to include an MTHS at its 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 during modernization. The

inclusion of a 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. Installation of the proposed MTHS at PFM is a cost-effective way to meet the permit requirement. (Sole)

**ISSUE 10B: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modifications to its National Pollution Discharge Elimination System Permit Renewal Requirement project?**

**FPL:** Yes, once the requirement is incorporated in Plant Scherer’s environmental permit. Georgia Power and FPL anticipate that the Environmental Protection Division of Georgia’s Department of Natural Resources will impose conditions in Plant Scherer’s NPDES permit requiring that copper discharges be addressed. FPL requests recovery of costs associated with repacking Scherer Unit 4’s cooling tower fill medium, which is a cost-effective way to meet the permit requirements. FPL proposes to recover those costs only after issuance of the renewed NPDES permit with a requirement to address copper discharges. Prior to that, FPL will exclude the costs incurred for the repacking activity from ECRC recovery. (Sole)

**ISSUE 10C: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Solar Site Avian Monitoring and Reporting project?**

**FPL:** Yes. FPL is required to obtain a siting permit from the Alachua County Department of Growth Management (“Alachua DGM”) for its Horizon Solar Energy Center (“HSEC”). Pursuant to the Development Review Committee Order DR-17-04 issued by the Alachua DGM on February 16, 2017, FPL is required to conduct avian mortality monitoring and report the results of that monitoring as a permit condition for the HSEC. (Sole)

**ISSUE 10D: How should costs associated with FPL’s proposed Solar Site Avian Monitoring and Reporting project be allocated to rate classes?**

**FPL:** O&M costs associated with FPL’s proposed Solar Site Avian Monitoring and Reporting project should be allocated to rate classes based 100% on Energy. FPL does not expect to incur any capital costs associated with this project. (Deaton)

**(CONTESTED ISSUE)**

**ISSUE 10E: Is FPL meeting remediation objectives in the Florida Department of Environmental Protection Consent Order and the Miami-Dade County DERM Consent Agreement in a timely manner? If not, what jurisdictional amounts, if any, should the Commission approve as reasonably projected?**

**FPL:** FPL objects to the inclusion of this issue as inappropriate and outside the scope of a Florida Public Service Commission proceeding. Whether the timeline and

objectives of the Consent Order and Consent Agreement are being satisfied is a determination that falls outside the PSC's jurisdiction. These are determinations to be made by MDC DERM and DEP pursuant to their environmental enforcement authority. If the Commission concludes that this issue should be included, FPL will provide a position following the scheduled Prehearing Conference.

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

**FPL:**    Yes. The Commission should approve revised tariffs reflecting the environmental cost recovery 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)

**ISSUE 14:**    **Should this docket be closed?**

**FPL:**    No. While a separate docket number is assigned each year for administrative convenience, this is a continuing docket and shall remain open.    (Deaton)

**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**

1. Florida Power & Light Company's request for confidential classification of information provided in response to Staff's Second Request for Production of Documents (No. 2), dated June 14, 2018. [DN 04234-2018]

**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. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

There are no requirements of the Order Establishing Procedure with which FPL cannot comply.

Respectfully submitted,

R. Wade Litchfield, Esq.  
Vice President and General Counsel  
Maria J. Moncada  
Senior Attorney  
Joel Baker  
Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408  
Telephone: (561) 304-5795  
Facsimile: (561) 691-7135

By: s/ Maria J. Moncada

Maria J. Moncada  
Florida Bar No. 0773301



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

I **HEREBY CERTIFY** that a true and correct copy of FPL's Prehearing Statement has been furnished by electronic service this 12th day of October 2018 to the following:

Charles Murphy, Esq.  
Stephanie Cuello, Esq.  
Office of the General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
Cmurphy@psc.state.fl.us  
Scuello@psc.state.fl.us

James D. Beasley, Esquire  
J. Jeffrey Wahlen, Esquire  
Ausley & McMullen  
P.O. Box 391  
Tallahassee, Florida 32302  
jbeasley@ausley.com  
jwahlen@ausley.com  
*Attorneys for Tampa Electric Company*

Paula K. Brown  
Regulatory Coordination  
Tampa Electric Company  
P.O. Box 111  
Tampa, Florida 33601  
regdept@tecoenergy.com

Russell A. Badders, Esquire  
Steven R. Griffin, Esquire  
Beggs & Lane  
P.O. Box 12950  
Pensacola, Florida 32591-2950  
rab@beggslane.com  
srg@beggslane.com  
*Attorneys for Gulf Power Company*

J. R. Kelly, Esq.  
Patricia Christensen, Esq.  
Charles Rehwinkel, Esq.  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399  
kelly.jr@leg.state.fl.us  
christensen.patty@leg.state.fl.us  
rehwinkel.charles@leg.state.fl.us

Dianne Triplett, Esquire  
Duke Energy Florida, Inc.  
299 First Avenue North  
St. Petersburg, Florida 33701  
dianne.triplett@duke-energy.com

Matthew R. Bernier, Senior Counsel  
Duke Energy Florida, Inc.  
106 East College Avenue  
Suite 800  
Tallahassee, Florida 32301  
Matthew.bernier@duke-energy.com

Jon C. Moyle, Jr., Esquire  
The Moyle Law Firm, P.A.  
118 N. Gadsden Street  
Tallahassee, Florida 32301  
jmoyle@moylelaw.com  
*Attorneys for Florida Industrial Power Users Group*

Jeffrey A. Stone  
C. Shane Boyett  
One Energy Place  
Pensacola, Florida 32520-0780  
jastone@southernco.com  
csboyett@southernco.com  
*Gulf Power Company*

George Cavros  
120 E. Oakland Park Blvd., Suite 105  
Fort Lauderdale, Florida 33334  
george@cavros-law.com  
*Southern Alliance for Clean Energy*

James W. Brew, Esq.  
Laura A. Wynn, Esq.  
Stone, Mattheis, Xenopoulos & Brew, P.C.  
1025 Thomas Jefferson Street, N.W.  
Eighth Floor, West Tower  
Washington, D.C. 20007  
jbrew@smxblaw.com  
law@smxblaw.com  
*Attorneys for White Springs Agricultural  
Chemicals, Inc. d/b/a/ PCS Phosphate – White  
Springs*

By: s/ Maria J. Moncada  
Maria J. Moncada  
Florida Bar No. 0773301