

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 20180007-EI

DATED: October 12, 2018

SOUTHERN ALLIANCE FOR CLEAN ENERGY'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2018-0090-PCO-EI filed February 19, 2018, Southern Alliance for Clean Energy ("SACE") files its Prehearing Statement in the above-styled docket.

1. All Known Witnesses

SACE does not intend to call any witnesses.

2. All Known Exhibits

SACE reserves the right to file exhibits.

3. SACE's Statement of Basic Position

The respective utilities have the burden of proof to justify and support the recovery of costs, and their proposal(s) seeking the Commission's adoption of policy statements or other affirmative relief sought, regardless of whether the Interveners provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of showing that costs submitted for final recovery meet the statutory test for recovery and are prudently incurred and that projected costs are reasonable.

In reference to Florida Power and Light's ("FPL's") request for continued recovery for compliance costs related to the Turkey Point Cooling Canal Management Plan Project ("TPCCMP"): FPL knew or should have known in 1978, or by 1992 at the latest, that its cooling canal system at the Turkey Point plant was causing an underground hyper-saline contamination

plume spreading well beyond the cooling canal system (“CCS”) boundary and harming adjacent waters and the Biscayne Aquifer. FPL’s imprudent operation of the CCS violated drinking water standards which has led to environmental compliance requirements being placed upon it by the Department of Environmental Protection (“DEP”) and Miami-Dade County Division of Environmental Resources Management (“DERM”) to remediate the hyper-saline plume. It seeks to recover those compliance costs from customers – the price tag is over \$200 million. FPL customers should not have to pay for FPL’s legacy of negligence in the operation of the CCS. Nevertheless, the Commission last year approved rate recovery from families and businesses served by FPL in Order No. PSC-2018-0014-FOF-EI. The Commission’s order is appropriately being appealed by the Office of Public Counsel. As such, SACE, in this docket, maintains its position from the 2017 Environmental Cost Recovery Clause (“ECRC”) docket that costs from FPL’s CCS remediation activities should not be recoverable from FPL customers.

The Commission, while not having jurisdiction over DEP and DERM environmental compliance requirements, does have jurisdiction over rate recovery for the costs of FPL’s compliance actions to meet the DEP Consent Order and DERM Consent Agreement provisions. In this year’s ECRC docket, FPL is not only requesting a prudence determination for already-incurred CCS remediation costs, but asking for rate recovery for projected costs for remediation activities to take place next year, in 2019. FPL’s activities towards meeting the remediation requirements in the Consent Order and the Consent Agreement are therefore the source of the rate recovery sought by FPL in 2019. Yet, FPL provides no testimony on whether it is making timely progress towards meeting compliance provisions in the DEP Consent Order, or the DERM Consent Agreement. This information is an integral piece of a reasonableness

determination;¹ without which, the Commission is effectively providing a blank check to FPL. FPL has clearly not met its evidentiary burden to show that projected remediation costs are reasonable. Therefore, rate recovery for TPCCMP remediation activities, should be denied for the reasons stated above.

4. List of Issues and Positions

GENERIC ISSUES

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2017 through December 2017?

SACE: The petitioner has the burden of proof and must carry its burden.

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

SACE: The petitioner has the burden of proof and must carry its burden.

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

SACE: The petitioner has the burden of proof and must carry its burden.

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

SACE: The petitioner has the burden of proof and must carry its burden.

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?

¹ Order No. PSC-2018-0014-FOF-EI at p. 12 (The test used by this Commission for projected costs is “a reasonableness test for cost recovery, with prudence to be determined in a future ECRC proceeding as part of the traditional true-up mechanism.”)

- SACE:** The petitioner has the burden of proof and must carry its burden.
- ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2019 through December 2019?
- SACE:** The petitioner has the burden of proof and must carry its burden.
- ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2019 through December 2019 for each rate group?
- SACE:** The petitioner has the burden of proof and must carry its burden.
- ISSUE 8:** What should be the effective date of the new environmental cost recovery factors for billing purposes?
- SACE:** The petitioner has the burden of proof and must carry its burden.
- ISSUE 9A:** Should DEF be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Crystal River Flue Gas Desulfurization (FGD) Blowdown Pond Closure project?
- SACE:** No position at this time.
- ISSUE 9B:** How should costs associated with DEF's proposed Crystal River FGD Blowdown Pond Closure project be allocated to rate classes?
- SACE:** No position at this time.
- 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?
- SACE:** No position at this time.
- 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 Requirements project?
- SACE:** No position at this time.
- 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?
- SACE:** No position at this time.
- ISSUE 10D:** How should costs associated with FPL's proposed Solar Site Avian Monitoring and Reporting project be allocated to rate classes?

SACE: No position.

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?

SACE: FPL is not meeting its remediation objectives in a timely manner. The Commission has jurisdiction to determine whether projected environmental cost recovery is reasonable. A determination of FPL's timely compliance with remediation requirements in the Consent Order and Consent Agreement is critical to a reasonableness determination. FPL has not provided testimony on whether it is timely meeting its requirements. As such, the Commission should not approve any projected amounts requested by FPL for remediation activities related to the TPCCMP.

ISSUE 11A: Should Gulf be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed 316(b) Cooling Water Intake Structure Regulation project?

SACE: No position at this time.

ISSUE 11B: How should costs associated with Gulf's proposed 316(b) Cooling Water Intake Structure Regulation project be allocated to rate classes?

SACE: No position at this time.

ISSUE 12A: Should TECO be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Big Bend Unit 1 Section 316(b) Impingement Mortality project?

SACE: No position at this time.

ISSUE 12B: How should costs associated with TECO's proposed Big Bend Unit 1 Section 316(b) Impingement Mortality project be allocated to rate classes?

SACE: No position at this time.

ISSUE 12C: Should TECO be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Big Bend Station Effluent Limitations Guidelines (ELG) Rule Compliance project?

SACE: No position at this time.

ISSUE 12D: How should costs associated with TECO's proposed Big Bend Station ELG Rule Compliance project be allocated to rate classes?

SACE: No position.

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?

SACE: No position at this time.

ISSUE 14: Should this docket be closed?

SACE: No position at this time.

5. Stipulated Issues

There are no stipulated issues at this time.

6. Pending Motions

SACE has no pending motions.

7. Pending Confidentiality Claims or Requests

SACE has no pending confidentiality claims.

8. Objections to Witness Qualifications as an Expert

SACE has no objections to any utility witness's qualifications as an expert.

9. Compliance with Order No. PSC- PSC-2018-0090-PCO-EI

SACE has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 12th day of October, 2018 by

/s/ George Cavros
George Cavros, Esq.
120 E. Oakland Park Blvd, Ste. 105
Fort Lauderdale, FL 33334
Telephone: 954.295.5714
Email: george@cavros-law.com
*Attorney for Southern Alliance for
Clean Energy*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail this 12th day of October, 2018 to the following:

Mr. Russell A. Badders
Mr. Steven R. Griffin
Beggs & Lane
Post Office Box 12950
Pensacola, Florida 32591-2950
rab@beggslane.com
srg@beggslane.com

J.R. Kelly, Esq.
Patricia A. Christensen
Charles J. Rehwinkel
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee FL 32399-1400
kelly.jr@leg.state.fl.us
christensen.pat@leg.state.fl.us
rehwinkel.charles@leg.state.fl.us

Jon C. Moyle, Jr.
Moyle Law Firm, P.A.
118 North Gadsden Street
Tallahassee, Florida 32301
jmoyle@moylelaw.com

James D. Beasley
J. Jeffrey Wahlen
Ausley McMullen
Post Office Box 391
Tallahassee, FL 32302
jbeasley@ausley.com
jwahlen@ausley.com

Mr. Jeffrey A. Stone, General Counsel
Ms. Rhonda J. Alexander, Regulatory Manager
Gulf Power Company
One Energy Place
Pensacola, Florida 32520-0780
jastone@southernco.com
rjalexad@southernco.com

John T. Butler
Kenneth Hoffman
Jessica Cano
Florida Power & Light Company
700 Universe Boulevard (LAW/JB)
Juno Beach, Florida 33408-0420
John.Butler@fpl.com
Ken.Hoffman@fpl.com
Maria.Moncada@fpl.com

Paula K. Brown
Manager, Regulatory Coordination
Tampa Electric Company
Post Office Box 111
Tampa, FL 33601
regdept@tecoenergy.com

James W. Brew
Laura A. Wynn
Stone Mattheis Xenopoulos & Brew, P.C.
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, D.C. 20007
jbrew@smxblaw.com
law@smxblaw.com

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

Sierra Club
Dori Jaffe/Diana Csank
50 F Street NW, Suite 800
Washington, D.C. 20001
Dori.jafe@sierraclub.org
Diana.csank@sierraclub.org

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

/s/ George Cavros
George Cavros, Esq.