BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240007-EI

In re: Environmental cost recovery clause.
_______________________________/

PROCEEDINGS: HEARING

COMMISSIONERS PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, November 5, 2023

TIME: Commenced: 10:00 a.m.
Concluded: 11:54 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

APPEARANCES:

MARIA JOSE MONCADA and JOEL BAKER, ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida 33408-2863; appearing on behalf of Florida Power & Light Company (FPL).

DIANNE M. TRIPLETT, ESQUIRE, 299 First Avenue North, St. Petersburg, Florida 33701; MATTHEW R. BERNIER and STEPHANIE A. CUELLO, ESQUIRES, 106 East College Avenue, Suite 800, Tallahassee, Florida 32301; appearing on behalf of Duke Energy Florida, LLC (DEF).

MALCOLM N. MEANS, J. JEFFREY WAHLEN and VIRGINIA PONDER, ESQUIRES, Ausley Law Firm, Post Office Box 391, Tallahassee, Florida 32302; appearing on behalf of Tampa Electric Company (TECO).

WALT TRIERWEILER, PUBLIC COUNSEL; CHARLES J. REHWINKEL, DEPUTY PUBLIC COUNSEL; PATRICIA CHRISTENSEN, MARY A. WESSLING, OCTAVIO SIMOES-PONCE and AUSTIN WATROUS, ESQUIRES, OFFICE OF PUBLIC COUNSEL, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400; appearing on behalf of the Citizens of the State of Florida (OPC).

JON C. MOYLE, JR. and KAREN A. PUTNAL, ESQUIRES, Moyle Law Firm, 118 North Gadsden Street, Tallahassee, FL 32301; appearing on behalf of Florida Industrial Users Group (FIPUG).

APPEARANCES CONTINUED:

JACOB IMIG, SAAD FROOQI and ADRIA H. HARPER, ESQUIRES, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Florida Public Service Commission (Staff).

KEITH C. HETRICK, GENERAL COUNSEL; OCTAVIO CIBULA, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, Advisor to the Florida Public Service Commission.

I N D E X

EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	174	174
2-23	As identified in the CEL	174	175

P R O C E E D I N G S

CHAIRMAN LA ROSA: let's proceed now to the 07 docket.

Mr. Farooqi, you are recognized.

MR. FAROOQI: Good morning, Commissioners.

Staff notes that -- for the record, that PCS Phosphate and Nucor have been excused from participating in these proceedings.

There are proposed Type 2 stipulations on all issues, with the intervenors not objecting, and those can be voted on today.

All witnesses have been excused from these proceedings and his or her testimony and exhibits may be entered into the record as though read when appropriate.

And finally, all parties have agreed to waive opening statements and post-hearing briefs.

CHAIRMAN LA ROSA: All right. Do any of the parties have any other preliminary matters?

Seeing none, let's go ahead and move to prefiled testimony.

MR. FAROOQI: Staff asks that prefiled testimonies of all witnesses identified in Section VI of the Prehearing Order be inserted and entered into and entered into the record as though read.

CHAIRMAN LA ROSA: All right. Then the prefiled testimony of all the witnesses are entered into the record as though read.

(Whereupon, prefiled direct testimony of Richard L. Hume was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF RICHARD L. HUME

DOCKET NO. 20240007-EI

APRIL 1, 2024

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

A. My name is Richard Hume. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408. I am employed by Florida Power & Light Company ("FPL" or "the Company") as Regulatory Issues Manager, FPL Finance.

Q. Please describe your educational background and professional experience.

A. I graduated from the University of Florida in 1991 with a Bachelor of Science degree in Business Administration with a Finance Major and earned a Master of Business Administration degree with a Finance Concentration from the University of Florida in 1995. I have worked in the utility finance sector since 1998, when I was employed by New-Energy Associates (which became a subsidiary of Siemens Power Generation), working in the areas of financial forecasting, budgeting, as well as cost of service and rate forecasting for both electric and gas utilities. In 2007, I joined Oglethorpe Power and after a year was promoted to the position of Director of Financial Forecasting. In that position I was primarily responsible for the long-range financial forecast and resource planning and new rate design. In 2012, I joined FPL managing a budgeting and data analytics team, where my responsibilities included conducting analysis related to customer rates and bill impacts. In 2019, I joined Gulf Power Company as the Regulatory Issues Manager, where my responsibilities included oversight of Gulf Power's Fuel and Purchased Power and Environmental Cost Recovery Clause ("ECRC"), including calculation of cost recovery factors and the related regulatory filings. I am currently employed by FPL as Regulatory Issues Manager, where my responsibility includes support for FPL's cost recovery clause filings.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Florida Public Service Commission ("Commission") review and approval FPL's ECRC final net true-up amounts associated with environmental compliance activities for the period January 2023 through December 2023.

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

A. Yes, I am sponsoring Exhibit RLH-1. The following forms are contained in Exhibit RLH-1:

- Form 42-1A reflects the final net true-up for the period January 2023 through December 2023.
- Form 42-2A provides the final true-up calculation for the period.
- Form 42-3A provides the calculation of the interest provision for the period.
- Form 42-4A provides the calculation of variances between actual and actual/ estimated costs for O&M activities for the period.

- Form 42-5A provides a summary of actual monthly costs for O&M activities in the period.
- Form 42-6A provides the calculation of variances between actual and estimated revenue requirements for capital investment projects for the period.
- Form 42-7A provides a summary of actual monthly revenue requirements for the period for capital investment projects.
- Form 42-8A provides the calculation of depreciation and amortization expense and return on capital investment for each capital investment project. Exhibit RLH-1 provides the beginning of period and end of period depreciable base by production plant name, unit or plant account and applicable depreciation rate or amortization period for each capital investment project for the period.
- Form 42-9A presents the capital structures, components and cost rates relied upon to calculate the rate of return applied to capital investments and working capital amounts included for recovery through the ECRC for the period.

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

A. Unless otherwise indicated, the data presented in my testimony and supporting forms is taken from FPL's books and records, which are kept in the regular course of FPL's business in accordance with Generally Accepted Accounting Principles and practices, and with the provisions of the Uniform System of Accounts as prescribed by this Commission.

FPL 2023 FINAL TRUE-UP CALCULATION

Q. Please explain the calculation of FPL's final net true-up amount.

A. Form 42-1A shows the calculation of FPL's final net true-up for the period January 2023 through December 2023, a net final over-recovery including interest, of $7,623,275 which FPL is requesting be included in the calculation of the ECRC Factors for the January 2025 through December 2025 period.

The actual end-of-period over-recovery for the period January 2023 through December 2023 of $9,812,385 (shown on Form 42-1A, Line 3) minus the actual/estimated end-of-period over-recovery for the same period of $2,189,109 (shown on Form 42-1A, Line 6) results in the final net true-up over-recovery for the period January 2023 through December 2023 of $7,623,275 (shown on Form 42-1A, Line 7).

Q. Are all costs listed in Forms 42-4A through 42-9A attributable to environmental compliance projects approved by the Commission?

A. Yes.

FPL VARIANCES

Q. How did actual project O&M and capital revenue requirements for January 2023 through December 2023 compare with FPL's actual/estimated amounts for the period as presented in Docket 20230007-EI?

A. Form 42-4A shows that total actual project O&M was $3,274,343, or 9.12%, lower than projected. Form 42-6A shows that total actual revenue requirements (depreciation, amortization, income taxes and return on capital investments) associated with the project capital investments was $2,068,820, or 0.58%, higher than projected. Individual project variances are provided on Forms 42-4A and 42-6A. Actual revenue requirements for each capital project for the period January 2023 through December 2023 are provided on Form 42-8A. Explanations for significant variances are addressed by FPL witness Katharine MacGregor.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF RICHARD L. HUME

DOCKET NO. 20240007-EI

JULY 26, 2024

Q. Please state your name, business address.

A. My name is Richard L. Hume. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or "the Company") as the Sr. Manager, Clause Accounting and Analysis in the FPL Finance Department.

Q. Have you previously filed testimony in this Environmental Cost Recovery Clause ("ECRC") docket?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Commission review and approval the Actual/Estimated True-up associated with FPL's environmental compliance activities for the period January 2024 through December 2024.

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

A. Yes, I have. My Exhibit RLH-2 consists of nine forms, PSC Forms 42-1E through 42-9E.

- Form 42-1E provides a summary of the Actual/Estimated True-up amount for the period January 2024 through December 2024.
- Forms 42-2E and 42-3E reflect the calculation of the Actual/Estimated True-up amount for the period.
- Forms 42-4E and 42-6E reflect the Actual/Estimated O&M and capital cost variances as compared to original projections for the period.
- Forms 42-5E and 42-7E reflect jurisdictional recoverable O&M and capital project costs for the period.
- Form 42-8E reflects return on capital investments and depreciation by project as well as provides the beginning of period and end of period depreciable base by production plant name, unit or plant account, and applicable depreciation rate or amortization period for each capital investment project.
- Form 42-9E provides the capital structure, components and cost rates relied upon to calculate the rate of return applied to capital investment amounts included for recovery for the period January 2024 through December 2024.

Q. Please explain the calculation of the ECRC Actual/Estimated True-Up amount FPL is requesting this Commission to approve.

A. The Actual/Estimated True-Up amount for the period January 2024 through

December 2024 is an under-recovery, including interest, of $18,176,707. The Actual/Estimated True-Up amount is calculated on Form 42-2E by comparing actual data for January 2024 through May 2024 and revised estimates for June 2024 through December 2024 to original projections for the same period. The under-recovery of $18,034,993 (shown on Form 42-1E, Line 1) plus the interest provision of $141,714 (shown on Form 42-1E, Line 2), results in the final under-recovery of $18,176,707 (shown on Form 42-1E, Line 3).

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

A. Yes.

Q. How do the actual/estimated project costs for January 2024 through December 2024 compare with original projections for the same period?

A. Form 42-4E shows that total O&M project costs are $6,853,908 higher than projected, and Form 42-6E shows that total capital project revenue requirements are $13,585,061 higher-than-projected. Individual project variances are provided on Forms 42-4E and 42-6E. Revenue requirements for each capital project for the 2024 actual/estimated period are provided on Form 42-8E. Explanations for significant variances in project costs are addressed below and by FPL witness MacGregor.

Q. Aside from those discussed by FPL witness MacGregor, please explain the reasons for significant variances in project capital revenue requirements.

A. A significant variance in FPL's 2024 actual/estimated capital revenue requirements from original projections is associated with the following project:

Capital Variance Explanation

Project 416. Daniel Ash Management Project

Project revenue requirements are estimated to be $125,671, or 14.63%, higher-than-projected, primarily due to $126,602 in higher depreciation expenses associated with Plant Daniel.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF RICHARD L. HUME

DOCKET NO. 20240007-EI

AUGUST 30, 2024

Q. Please state your name and address.

A. My name is Richard L. Hume. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or "the Company") as Sr. Manager, Clause Accounting and Analysis in the FPL Finance Department.

Q. Have you previously filed testimony in this docket?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Commission review and approval FPL's Environmental Cost Recovery Clause ("ECRC") projections and factors for the January 2025 through December 2025 period.

Q. Is this filing in compliance with Order No. PSC-93-1580-FOF-EI, issued in Docket No. 930661-EI?

A. Yes. The costs being submitted for the 2025 projected period are consistent with that order.

Q. Have you prepared or caused to be prepared under your direction, supervision

or control any exhibits in this proceeding?

A. Yes. I am sponsoring Exhibits RLH-3 and RLH-4. Exhibit RLH-3 provides the calculation of proposed ECRC factors for the period January 2025 through December 2025 and includes PSC Forms 42-1P through 42-8P. Exhibit RLH-4 provides the calculation of the separation factors used in the calculation of the 2025 ECRC factors. FPL witness Katharine MacGregor is co-sponsoring Form 42-5P, which is included in Exhibit RLH-3.

Q. Have you provided a schedule showing the calculation of total environmental costs being requested for recovery for the period January 2025 through December 2025?

A. Yes. Form 42-1P (page 1) in Exhibit RLH-3 provides a summary of total environmental costs being requested for recovery for the period January 2025 through December 2025. Total jurisdictional revenue requirements, including true-up amounts, are $412,189,365 (page 1, line 4). This amount includes jurisdictional revenue requirements projected for the January 2025 through December 2025 period, which are $401,635,933 (page 1, line 1c), the actual/estimated true-up under-recovery of $18,176,707 for the January 2024 through December 2024 period (page 1, line 2), and the final net true-up over-recovery of $7,623,275 for the January 2023 through December 2023 period (page 1, line 3). The detailed calculations supporting the 2024 actual/estimated and 2023 final true-ups were provided in Exhibits RLH-1 and RLH-2 filed in this docket on April 1, 2024 and July 26, 2024, respectively.

Q. Please describe the schedules that are provided in Exhibit RLH-3.

A. Forms 42-1P through 42-8P provide the calculation of ECRC factors for the period January 2025 through December 2025 that FPL is requesting this Commission to approve.

Form 42-1P provides a summary of total environmental costs being requested for recovery for the period January 2025 through December 2025.

Form 42-2P presents the O&M costs associated with each environmental project for the projected period, along with the calculation of the total jurisdictional amount of $44,883,544 for these projects.

Form 42-3P presents the recoverable amounts associated with capital costs for environmental projects for the projected period, along with the calculation of the total jurisdictional recoverable amount of $356,752,389.

Form 42-4P presents the detailed calculation of the capital recoverable amounts by project for the projected period. It provides the beginning of period and end of period depreciable base by production plant name, unit or plant account and applicable depreciation rate or amortization period for each capital project.

Form 42-5P provides the description and progress of approved environmental projects included in the projected period.

Form 42-6P calculates the allocation factors for demand and energy at generation. The average 12CP demand allocation factors are calculated by determining the percentage each rate class contributes to the average of the twelve-monthly system peaks. The GNCP demand allocation factors are calculated by determining the percentage each rate class contributes to the sum of the classes' group non-coincident peaks. The energy allocators are calculated by determining the percentage each rate class contributes to total kWh sales, as adjusted for losses.

Form 42-7P presents the calculation of the proposed 2025 ECRC factors by rate class.

Form 42-8P presents the capital structure, components and cost rates relied upon to calculate the rate of return applied to capital investments included for recovery through the ECRC for the period January 2025 through December 2025.

Q. Has FPL calculated the Weighted Average Cost of Capital ("WACC") in accordance with Commission Order No. PSC-2020-0165-PAA-EU ("WACC Order")?

A. Yes. The resulting after-tax WACC to be applied to the 2025 projected ECRC capital investments is 6.97%, which is based on FPL's 2025 forecast and currently approved midpoint ROE of 10.80%. The calculation of the WACC for 2025 is provided in Form 8P included in Exhibit RLH-3.

Q. Are all costs listed in Forms 42-1P through 42-8P included in Exhibit RLH-3 attributable to environmental compliance projects previously approved by the

Commission or pending Commission approval?

A. Yes.

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

A. Yes. FPL has separated the production-related environmental costs based on stratified separation factors that better reflect the types of generation required to serve load under stratified wholesale power sales contracts. The use of stratified separation factors thus results in a more accurate separation of environmental costs between the retail and wholesale jurisdictions. The calculations of the stratified separation factors are provided in Exhibit RLH-4.

Q. Does this conclude your testimony?

A. Yes.

C1-210

(Whereupon, prefiled direct testimony of Katharine MacGregor was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF KATHARINE MACGREGOR

DOCKET NO. 20240007-EI

APRIL 1, 2024

Q. Please state your name and address.

A. My name is Katharine MacGregor and my business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or "Company") as Vice President of Environmental Services.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Arts in American History and Classical Studies from the University of Pennsylvania in 2004. I was employed by the United States House of Representatives from 2007 to 2017, serving as Professional Staff on the House Committee on Natural Resources from 2011 to 2017. I was employed by the United States Department of the Interior from 2017 to 2021 in multiple roles, including the Principal Deputy Assistant Secretary for Land and Mineral Management and later as the Deputy Secretary for the Department. I have been employed by FPL since 2021 as the Vice President of Environmental Services. In that role, I am responsible for FPL's environmental licensing and compliance efforts.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain the significant variances in costs associated with operations & maintenance ("O&M") expenses and capital investments included in FPL's Environmental Cost Recovery Clause ("ECRC") Final True-up for the period of January 2023 through December 2023.

FPL Variance Explanations

Q. How did FPL's actual project O&M and capital revenue requirements for January 2023 through December 2023 compare with actual/estimated amounts presented in Docket No. 20230007-EI?

A. Form 42-4A shows that total actual project O&M was $3,274,343, or 9.12%, lower than projected, and Form 42-6A shows that total actual revenue requirements associated with the project capital investments (depreciation, amortization, income taxes and return on capital investments) was $2,068,820, or 0.58%, higher than projected. Individual project variances also are provided on Forms 42-4A and 42-6A. Actual revenue requirements for each capital project for the period January 2023 through December 2023 are provided on Form 42-8A. The calculation of actual revenue requirements is sponsored by FPL witness Richard L. Hume.

Q. Please explain the reasons for the significant variances in project O&M expenses and capital revenue requirements.

A. The significant variances in FPL's 2023 actual O&M expenses and capital revenue requirements compared to actual/estimated amounts are associated with the following projects.

<u>FPL O&M Variance Explanations</u>

Project 3. Continuous Emission Monitoring Systems

Project expenses were $101,273, or 12.9%, lower than projected. The variance is primarily due to O&M cost for the Gulf Clean Energy Center ("GCEC") continuous emission monitoring ("CEM") system analyzer replacement being rescheduled to 2024 due to parts availability. In addition, required CEM system maintenance was less than originally estimated for Sanford and Ft. Myers. The Sanford CEM 2023 maintenance was deferred during the second half of the year due to the CEM capital upgrade project that was completed in November 2023. In addition, the Ft. Myers CEM system maintenance requirements were less than originally estimated.

Project 5. Maintenance of Stationary Above Ground Fuel Storage Tanks

Project expenses were $426,779, or 90.1%, lower than projected. The variance is primarily due to postponing the Port Everglades storage tanks Nos. 1 and 2 recoating projects that were originally scheduled for 2023. The projects will be rescheduled after performing additional visual inspections of the exterior tank coating to gauge potential coating or corrosion issues. In addition, the GCEC, Service Center, and Plant Smith storage tank maintenance costs were less than originally estimated due to removing tanks from service and rescheduling the GCEC acid tank containment coating project. The coating project was rescheduled from 2023 to 2024 due to changes in the acid tank installation schedule.

Project 11. Air Quality Compliance

Project expenses were $1,887,746, or 29.0%, greater than projected. The variance is primarily due to additional costs associated with the Scherer limestone silo replacement project and installation of new permanent enclosures for wind and freeze protection on the limestone and gypsum systems. The Plant Daniel scrubber and gypsum storage area maintenance costs also were greater than originally estimated. The GCEC gypsum storage area maintenance cost and associated underground injection well mechanical integrity testing costs also were greater than originally estimated. In addition, ECRC costs for Plant Daniel CEMs, coal combustion residuals, and groundwater monitoring projects were mistakenly booked to the Air Quality Compliance Project in 2023.The costs were booked to the appropriate ECRC projects in March 2024.

Project 19. Oil-Filled Equipment and Hazardous Substance Remediation

Project expenses were $1,758,379, or 21.6%, lower than projected. The variance is primarily due to schedule delays for substation equipment replacements, which resulted in a lower than projected number of transformers being repaired during 2023.

Project 21. St. Lucie Turtle Nets

Project expenses were $82,528, or 22.7%, higher than projected. The variance is primarily associated with costs for net cleaning being erroneously removed from the St. Lucie Turtle Nets Project in June 2023. The costs were correctly booked back to the Project in July 2023. Additionally, costs associated with giant manta ray monitoring at the barrier net were higher than estimated.

Project 37. DeSoto Next Generation Solar Energy Center

Project expenses were $66,037, or 12.5%, lower than projected. The variance is primarily due to internal labor costs during the second half of 2023 being less than originally anticipated.

Project 50. Steam Electric Effluent Guidelines Revised Rules

Project expenses were $1,981,244, or 71.1%, lower than projected. The variance is primarily due to Scherer Unit 4 design expenses being erroneously included in the 2023 estimate.

Project 54. Coal Combustion Residuals (CCR)

Project expenses were $167,492, or 10.1%, higher than projected. The variance is primarily due to additional costs associated with Plant Smith and Plant Scherer CCR compliance. During 2023, Plant Smith incurred additional costs related to delayed invoicing for CCR compliance reporting as well as operation and maintenance of the Underground Injection Control ("UIC") wells. The UIC wells are used for wastewater disposal associated with the Smith ash pond closure project. In addition, Plant Scherer incurred expenses for automating the CCR landfill liner pump down systems and a new ash screen that were not included in the budget forecast.

Project 427. General Water Quality

Project expenses were $520,489, or 37.5%, lower than projected. The variance is primarily due to lower than projected costs associated with the Plant Scherer and GCEC wastewater treatment systems and the GCEC industrial wastewater permit renewal. Chemical usage and maintenance costs for the Scherer and GCEC wastewater treatment systems were less than expected. The GCEC permit renewal was submitted in September 2023 as originally planned; however, FPL did not receive a request for additional information from the Florida Department of Environmental Protection ("FDEP") until late December 2023. Accordingly, costs associated with responding to FDEP's request will be incurred during 2024.

Project 430. General Solid & Hazardous Waste

Project expenses were $83,875 or 10.3% higher than projected. This program involves federal and state mandated identification, handling, storage, transportation, and disposal of solid and hazardous wastes at generation, distribution, and transmission facilities in FPL's Northwest region. The variance is primarily due to clean-up costs associated with a hydraulic oil release inside containment that occurred from a failed hydraulic coupler at the GCEC. The oil was captured in a concrete containment area and taken off-site for reclamation in accordance with applicable regulations.

Project 431. Title V

Project expenses were $118,346, or 71.3%, lower than projected. The variance is due to further cost reductions for Title V permitting and compliance activities, which were achieved as a result of the consolidation of the former Gulf Power Company and FPL.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF KATHARINE MACGREGOR

DOCKET NO. 20240007- EI

JULY 26, 2024

Q. Please state your name and address.

A. My name is Katharine MacGregor and my business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by NextEra Energy, Inc. as Vice President of Environmental Services.

Q. Have you previously filed testimony in this Environmental Cost Recovery Clause ("ECRC") docket?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain the reasons for significant variances in costs associated with operation and maintenance ("O&M") expenses and capital investments included in FPL's ECRC actual/estimated true-up for the period of January 2024 through December 2024. This is based on five months of actual data and seven months of estimated data.

Variance Explanations

Q. How do the actual/estimated project O&M and capital revenue requirements for January 2024 through December 2024 compare with original projections for the same period?

A. Form 42-4E shows that the variance in total project O&M was $6.9 million, or 19.6%, higher-than-projected, and Form 42-6E shows that the variance in total revenue requirements associated with the project capital investments (depreciation, amortization, income taxes and return on capital investments) were $13.6 million, or 3.8%, higher-than-projected. Individual project variances are provided on Forms 42-4E and 42-6E. Revenue requirements for each capital project for the period January 2024 through December 2024 are provided on Form 42-8E. The calculation of revenue requirements is sponsored by FPL witness Richard L. Hume, who also provides testimony identifying and explaining a significant capital revenue requirement variance.

Q. Aside from the variance addressed by FPL witness Hume, please explain the reasons for the significant variances in project O&M expenses and capital revenue requirements

A. The significant variances in FPL's 2024 actual/estimated O&M expenses and capital revenue requirements from original projections are associated with the following projects:

O&M Variance Explanations

Project 3. Continuous Emission Monitoring Systems

Project expenses are estimated to be $100,337, or 14.1%, higher-than-projected. The variance is primarily due to ECRC costs for Plant Daniel Continuous Emission Monitoring Systems ("CEMS") mistakenly being booked to the Air Quality Compliance Project in 2023. The costs were booked to the appropriate CEMS ECRC project in March 2024.

Project 5. Maintenance of Stationary Above Ground Fuel Storage Tanks

Project expenses are estimated to be $274,254, or 117.0%, higher-than-projected. The variance is primarily due to having inadvertently omitted from the 2024 ECRC Projection filing costs for the Martin Terminal Fuel tank internal and external inspections. These costs are now included in the 2024 ECRC actual/estimated filing.

Project 11. Air Quality Compliance

Project expenses are estimated to be $3,801,421, or 70.4%, higher-than-projected. The variance is primarily due to additional costs associated with Plant Daniel and Plant Scherer that could not be determined at the time FPL prepared its 2024 ECRC Projection Filing. Increased costs for Plant Daniel include installation of an Underground Injection Control well liner and pump, sedimentation and gypsum pond evaporators, as well as additional wastewater treatment costs. Increased costs for Plant Scherer include the limestone silo replacement project, scrubber digital control system upgrade, as well as baghouse and limestone handling expenses.

Project 37. DeSoto Next Generation Solar Energy Center

Project expenses are estimated to be $152,040, or 28.4%, lower-than-projected. The variance is primarily due to lower maintenance expenses during the first half of the year.

Project 41. Manatee Temporary Heating System

Project expenses are estimated to be $67,577, or 90.9%, higher-than-projected. The variance is due to additional biological monitoring required by the Florida Fish and Wildlife Conservation Commission ("FWC") for the Dania Beach Energy Center ("DBEC"). FWC requested an additional year of post-construction monitoring in November 2023. Biological monitoring of manatees is required by the FDEP-issued conditions of certification for the DBEC.

Project 47. NPDES Permit Renewal Requirements

Project expenses are estimated to be $106,860, or 56.1%, higher-than-projected. The variance is primarily due to costs for the Turkey Point impoundment integrity inspection. The underwater berm inspection and the annual topside berm inspection were completed in 2023; however, the payment was booked in January of 2024.

Project 50. Steam Electric Effluent Guidelines Revised Rules

Project expenses are estimated to be $3,001,988, or 151.9%, higher-than-projected. The variance is primarily due to Plant Scherer Effluent Limitations Guidelines ("ELG") compliance project costs associated with FPL Unit 4's share of the plant's common costs. On May 9, 2024, the United States Environmental Protection Agency ("EPA") published final revisions to the agency's 2020 ELG rule establishing more stringent wastewater discharge standards for coal-fired power plants, including flue gas desulfurization wastewater and combustion residual leachate. Now that final revisions to the rule have been published, contract negotiations are ongoing for items with long lead times for the Scherer ELG wastewater treatment system. The project timing and cost estimates have been refined to represent the latest project information available. A request for proposals is also being developed for the gypsum cell rain cover project. Mobilization for the gypsum cell rain cover is tentatively scheduled for first quarter 2025.

Project 54. Coal Combustion Residuals

Project expenses are estimated to be $165,009, or 6.4%, higher-than-projected. The variance is primarily due to increased costs required for compliance with revisions to the Federal Coal Combustion Residuals ("CCR") regulation that are partially offset by a reduction in costs for Plant Scherer. On April 24, 2024, EPA finalized revisions to the CCR rule, expanding its scope to include legacy CCR impoundments and other CCR management units. Required facility evaluations commenced in July 2024 to evaluate and delineate potential CCR management units at the Gulf Clean Energy Center, Plant Smith, and Plant Scholz that could be subject to the rule. The associated site evaluation and groundwater modeling costs have been added to the 2024 CCR budget forecast. The increased costs were partially offset by a reduction in the Scherer CCR management costs resulting from cancelling construction of a third fly ash storage tank.

Capital Variance Explanations

Project 23. SPCC - Spill Prevention, Control, and Countermeasures

Project revenue requirements are estimated to be $474,655, or 12.4%, lower than previously projected. The variance is primarily due to postponing construction of the Ft. Lauderdale permanent oil boom project to 2026 or later.

Project 34. St. Lucie Cooling Water System Inspection & Maintenance

Project revenue requirements are estimated to be $139,005, or 21.0%, lower-than-projected due to changes to the Plant St. Lucie ("PSL") cooling water intake structure project schedule. FPL must design, test, construct, and implement a deterrent at the three PSL intake structures by January 1, 2028, to comply with the Biological Opinion issued by the National Marine Fisheries Service ("NMFS") in August 2022. The deterrent is required to reduce impacts to sea turtles, smalltooth sawfish, and giant manta rays. FPL met with the NMFS and the NRC in August 2023 to discuss plans for the project and potential options to conduct research on the efficacy of conceptual deterrents. Prior to testing and construction of a deterrent offshore, FPL must implement the research plan which includes up to two years of onshore research. This will delay offshore testing and associated construction costs to the 2027 timeframe and reduce the originally projected 2024 capital costs.

Project 54. Coal Combustion Residuals

Project revenue requirements are estimated to be $7,624,647, or 19.4%, higher-than-projected due to changes to the schedule for the new Plant Smith wastewater ponds. The project is forecast to be completed three months earlier than originally anticipated, leading to an increase in the accumulated depreciation cost.

Project 123. The Protected Species Project

Project revenue requirements are estimated to be $199,053, or 76.5%, lower-than-projected due to construction of the Ft. Myers sawfish barrier project being rescheduled to 2025. During 2023, FPL completed bathymetric surveys and preliminary engineering services required to prepare initial project design drawings. FPL also held pre-application meetings with NMFS in late 2023. During 2024, FPL will finalize the project design and submit required permit applications in preparation to begin construction in 2025.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF KATHARINE MACGREGOR

DOCKET NO. 20240007- EI

AUGUST 30, 2024

Q. Please state your name and address.

A. My name is Katharine MacGregor and my business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

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

A. I am employed by NextEra Energy Inc. as Vice President of Environmental Services.

Q. Have you previously testified in this proceeding?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present to the Commission FPL's Project Progress Report which provides information regarding the various environmental compliance projects that have been approved, or are pending approval, for cost recovery through the Environmental Cost Recovery Clause.

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

A. Yes. Along with FPL witness Hume, I am co-sponsoring FPL's Project Progress Report, which is included in Exhibit RLH-3 as Form 42-5P.

Q. Does this conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Gary P. Dean was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

GARY P. DEAN

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

April 1, 2024

Q. Please state your name and business address.

A. My name is Gary P. Dean. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company"), as Rates and Regulatory Strategy Manager.

Q. What are your responsibilities in that position?

A. I am responsible for regulatory planning and cost recovery for DEF. These responsibilities include completion of regulatory financial reports and analysis of state, federal and local regulations, and their impacts on DEF. In this capacity, I am responsible for DEF's Final True-Up, Actual/Estimated Projection and Projection Filings in the Fuel Adjustment Clause, Capacity Cost Recovery Clause, and Environmental Cost Recovery Clause ("ECRC").

Q. Please describe your educational background and professional experience.

A. I joined DEF on April 27, 2020 as the Rates and Regulatory Strategy Manager. Prior to working at DEF, I was the Senior Manager, Optimization for Chesapeake Utilities Corporation ("CUC"). In this role, I was responsible for all pricing related to the company's natural gas retail business. Prior to working at CUC, I was the General Manager, Electric Operations for South Jersey Energy Company ("SJEC"). In that capacity I held P&L and strategic development responsibility for the company's electric retail book. Prior to working at SJEC I had various positions associated with rates and regulatory affairs. In these positions I was responsible for all rate and regulatory matters, including tariff and rate design, financial modeling, and analysis, and ensuring accurate rates for billing. I received a Master of Business Administration from Rutgers University and a Bachelor of Science degree in Commerce and Engineering, majoring in Finance, from Drexel University.

Q. Have you previously filed testimony before this Commission in connection with DEF's Environmental Cost Recovery Clause ("ECRC")?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Commission review and approval DEF's actual true-up costs associated with environmental compliance activities for the period January 2023 - December 2023.

Q. Are you sponsoring any exhibits in support of your testimony?

A. Yes. I am sponsoring Exhibit No. (GPD-1), that consists of nine forms.

Exhibit No. (GPD-1) consists of the following:

- Form 42-1A: Final true-up for the period January 2023 - December 2023;
- Form 42-2A: Final true-up calculation for the period;
- Form 42-3A: Calculation of the interest provision for the period;
- Form 42-4A: Calculation of variances between actual and actual/estimated costs for O&M Activities;
- Form 42-5A: Summary of actual monthly costs for the period for O&M Activities;
- Form 42-6A: Calculation of variances between actual and actual/estimated costs for Capital Investment Projects;
- Form 42-7A: Summary of actual monthly costs for the period for Capital Investment Projects;
- Form 42-8A, pages 1-10: Calculation of return on capital investment, depreciation expense and property tax expense for each project recovered through the ECRC; and
- Form 42-9A: DEF's capital structure and cost rates.

These exhibits were developed under my supervision, and they are true and accurate to the best of my knowledge and belief.

Q. What is the source of the data that you will present in testimony and exhibits in this proceeding?

A. Unless otherwise indicated, the actual data is taken from the books and records of the Company. The books and records are kept in the regular course of DEF's business in accordance with generally accepted accounting principles and practices, and provisions of the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission, and any accounting rules and orders established by this Commission. The Company relies on the information included in this testimony and exhibits in the conduct of its affairs.

Q. What is the final true-up amount DEF is requesting for the period January 2023 - December 2023?

A. DEF requests approval of an actual under-recovery amount of $1,542,767 for the year ending December 31, 2023. This amount is shown on Form 42-1A, Line 1.

Q. What is the net true-up amount DEF is requesting for the period January 2023 - December 2023 to be applied in the calculation of the environmental cost recovery factors to be refunded/recovered in the next projection period?

A. DEF requests approval of an adjusted net true-up over-recovery amount of $1,548,518 for the period January 2023 - December 2023 reflected on Line 3 of Form 42-1A. This amount is the difference between an actual under-recovery amount of $1,542,767 reflected on Line 1 and an actual/estimated under-recovery of $3,091,285 reflected on Line 2 for the period January 2023 - December 2023, as approved in Order PSC-2023-0344-FOF-EI.

Q. Are all costs listed on Forms 42-1A through 42-8A attributable to environmental compliance projects approved by the Commission?

A. Yes.

Q. How did actual O&M expenditures for January 2023 - December 2023 compare with DEF's actual/estimated projections as presented in previous testimony and exhibits?

A. Form 42-4A shows a total O&M project variance of $1,392,449 or 15% lower than projected. Individual O&M project variances are on Form 42-4A.

Q. How did actual capital recoverable expenditures for January 2023 - December 2023 compare with DEF's estimated/actual projections as presented in previous testimony and exhibits?

A. Form 42-6A shows a total capital investment recoverable cost variance of $23,440 or 0.5% higher than projected. Individual project variances are on Form 42-6A. Return on capital investment, depreciation, and property taxes for each project for the period are provided on Form 42-8A, pages 1-10.

Q. Please explain the variance between actual project expenditures and the Actual/Estimated projections for the SO_2/NOx Emissions Allowance (Project 5).

A. The O&M variance is $2,069 or 100% lower than projected. This is due to lower than expected SO_2 Allowance expense.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

<u>GARY P. DEAN</u>

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

July 26, 2024

Q. Please state your name and business address.

A. My name is Gary P. Dean. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Rates and Regulatory Strategy Manager.

Q. Have you previously filed testimony before this Commission in Docket No. 20240007-EI?

A. Yes, I provided direct testimony on April 1, 2024.

Q. Has your job description, education, background, and professional experience changed since that time?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present, for Commission review and approval, Duke Energy Florida, LLC's ("DEF") actual/estimated true-up costs associated with environmental compliance activities for the period January 2024 through December 2024. I also explain the variance between 2024 actual/estimated cost projections versus original 2024 cost projections for SO_2/NOx Emission Allowances (Project 5).

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

A. Yes. I am sponsoring the following exhibit:

1. Exhibit No. __(GPD-2), which consists of PSC Forms 42-1E through 42-9E.

This exhibit provides detail on DEF's actual/estimated true-up capital and O&M environmental costs and revenue requirements for the period January 2024 through December 2024.

Q. What is the actual/estimated true-up amount for the January 2024 through December 2024 period that DEF is requesting recovery?

A. The 2024 actual/estimated true-up is an over-recovery, including interest, of $1,936,104 as shown on Form 42-1E, line 4. The final 2023 true-up over-recovery of $1,548,518 as shown on Form 42-2E, Line 7a, is added to this total, resulting in a net over-recovery of $3,484,622 as shown on Form 42-2E, Line 11. The calculations supporting the 2024 actual/estimated true-up are on Forms 42-1E through 42-9E.

Q. What capital structure, components and cost rates did DEF rely on to calculate the revenue requirement rate of return for the period January 2024 through December 2024?

A. The capital structure, components and cost rates relied on to calculate the revenue requirement rate of return for the period January 2024 through December 2024 are shown on Form 42-9E. This form includes the derivation of debt and equity components used in the Return on Average Net Investment, lines 7 (a) and (b), on Form 42-8E. Form 42-9E also cites the source and includes the rationale for using the particular capital structure and cost rates.

Q. How do actual/estimated O&M expenditures for January 2024 through December 2024 compare with original projections?

A. Form 42-4E shows that total O&M project costs are estimated to be $9,144,889. This is $1.4M, or 13% lower than originally projected. This form also lists individual O&M project variances. Explanations for these variances are included in the Direct Testimonies of Reginald Anderson, Eric Szkolnyj, and Patricia West.

Q. How do actual/estimated capital recoverable costs for January 2024 through December 2024 compare with DEF's original projections?

A. Form 42-6E shows that total recoverable capital costs are estimated to be \$4,725,108. This is \$67k or 1% higher than originally projected. This form also lists individual project variances. The return on investment, depreciation expense and property taxes for each project for the actual/estimated period are provided on Form 42-8E, pages 1 through 11. Explanations for these variances are included in the Direct Testimonies of Mr. Anderson, Mr. Szkolnyj, and Ms. West.

Q. Please explain the O&M variance between the Actual/Estimated and original projections for the SO_2/NOx Emissions Allowance (Project 5).

A. The forecasted O&M variance is \$14,351 higher than projected due to higher-than-projected SO_2 allowance expense.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

GARY P. DEAN

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

August 30, 2024

Q. Please state your name and business address.

A. My name is Gary P. Dean. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

Q. Have you previously filed testimony before this Commission in Docket No. 20240007-EI?

A. Yes. I provided direct testimony on April 1, 2024, and July 26, 2024.

Q. Has your job description, education, background, or professional experience changed since that time?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present, for Commission review and approval, Duke Energy Florida, LLC's ("DEF" or "Company") calculation of revenue requirements and Environmental Cost Recovery Clause ("ECRC") factors for customer billings for the period January 2025 through December 2025. My testimony also addresses capital and O&M expenses for DEF's environmental compliance activities for the year 2025.

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

A. Yes. I am sponsoring the following exhibit:

Exhibit No. (GPD-3), which consists of PSC Forms 42-1P through 42-8P

The individuals listed below are co-sponsors of Forms 42-5P pages 1-4 and 6-26 as indicated in their direct testimony. I am sponsoring Form 42-5P page 5.

- Mr. Anderson and Ms. West will co-sponsor Form 42-5P page 7.
- Mr. Anderson will co-sponsor Form 42-5P pages 20-22.
- Mr. Szkolnyj will co-sponsor Form 42-5P page 23.
- Ms. West will co-sponsor Forms 42-5P pages 1-4, 6, 8-19, and 24-26.

Q. Please summarize your testimony.

A. My testimony supports the approval of an average ECRC billing factor of 0.029 cents per kWh which includes projected jurisdictional capital and O&M revenue requirements for the period January 2025 through December 2025 of approximately $15.1 million, and a net true-up over-recovery provision of approximately $3.5 million from prior periods. My testimony also supports that projected environmental expenditures for 2025 are appropriate for recovery through the ECRC.

Q. What is the total recoverable revenue requirement for the period January 2025 through December 2025?

A. The total recoverable revenue requirement including true-up amounts is approximately $11.7 million as shown on Form 42-1P line 4 of Exhibit No. (GPD-3).

Q. What is the total true-up to be applied for the period January 2025 through December 2025?

A. The total true-up applicable to this period is a net over-recovery of approximately $3.5 million. This amount consists of the final true-up over-recovery of approximately $1.5 million for the period January 2023 through December 2023, and an estimated true-up over-recovery of approximately $1.9 million for the current period of January 2024 through December 2024. The detailed calculation supporting the 2024 estimated true-up was provided on Forms 42-1E through 42-9E of Exhibit No. (GPD-2) filed with the Commission on July 26, 2024.

Q. Are all the costs listed on Forms 42-1P through 42-7P attributable to environmental compliance programs previously approved by the Commission?

A. Yes, with the exception of Project 21 (Citrus Combined Cycle Water Treatment System), which was submitted for approval on April 1, 2024 in this Docket. All other costs listed on Forms 42-1P through 42-7P were previously approved by the Commission and are listed below:

The Substation and Distribution System Programs (Project 1 & 2) were previously approved in Order No. PSC-2002-1735-FOF-EI.

The Pipeline Integrity Management Program (Project 3) and the Above Ground Tank Secondary Containment Program (Project 4) were previously approved in Order No. PSC-2003-1348-FOF-EI.

The recovery of sulfur dioxide (SO_2) Emission Allowances (Project 5) was previously approved in Order No. PSC-1995-0450-FOF-EI, however, the costs were moved to the ECRC docket from the Fuel docket beginning January 1, 2004 at the request of Staff to be consistent with the other Florida investor owned utilities.

CAIR was replaced by the Cross-State Air Pollution Rule on January 1, 2015. Consistent with Order No. PSC-2011-0553-FOF-EI, DEF treated the costs associated with unusable NOx emission allowances as a regulatory asset and amortized it over three (3) years, beginning January 1, 2015, until fully recovered December 31, 2017, with a return on the unamortized investment.

The Phase II Cooling Water Intake 316(b) Program (Project 6) was previously approved in Order No. PSC-2004-0990-PAA-EI, PSC-2018-0014-FOF-EI, and PSC-2020-0433-FOF-EI.

DEF's Integrated Clean Air Compliance Plan (Project 7) was approved by the Commission as a prudent and reasonable means of complying with the Clean Air Interstate Rule and related regulatory requirements in Order No. PSC-2007-0922-FOF-EI. The NESHAP provision was approved in Order No. PSC-2022-0424-FOF-EI.

The Arsenic Groundwater Standard Program (Project 8), Sea Turtle Lighting Program (Project 9) and Underground Storage Tanks Program (Project 10) were previously approved in Order No. PSC-2005-1251-FOF-EI.

The Modular Cooling Tower Project (Project 11) was previously approved in Order No. PSC-2007-0722-FOF-EI.

The Crystal River Thermal Discharge Compliance Project (Project 11.1) and Greenhouse Gas Inventory and Reporting Project (Project 12) were previously approved in Order No. PSC-2008-0775-FOF-EI.

The Mercury Total Maximum Loads Monitoring Program (Project 13) was previously approved in Order No. PSC-2009-0759-FOF-EI.

The Hazardous Air Pollutants (HAPs) ICR Program (Project 14) was previously approved in Order No. PSC-2010-0099-PAA-EI.

The Effluent Limitations Guidelines ICR Program (Project 15) was previously approved in Order No. PSC-2010-0683-PAA-EI.

The Effluent Limitations Guidelines Program (Project 15.1) was previously approved in Order No. PSC-2013-0606-FOF-EI.

The National Pollutant Discharge Elimination System (NPDES) Program (Project 16) was previously approved in Order No. PSC-2011-0553-FOF-EI.

The Mercury & Air Toxic Standards (MATS) Program (Project 17) which replaces Maximum Achievable Control Technology (MACT) was previously approved in Order Nos. PSC-2011-0553-FOF-EI, PSC-2012-0432-PAA-EI and PSC-2014-0173-PAA-EI.

The Coal Combustion Residual (CCR) Rule (Project 18) was previously approved in Order No. PSC-2015-0536-FOF-EI, Order No. PSC-2018-0594-FOF-EI, and Order No. PSC-2019-0500-FOF-EI.

The Reclaimed Water Interconnection (Project 19) was previously approved in Order No. PSC-2023-0344-FOF-EI.

The Lead and Copper Rule (Project 20) was previously approved in Order No. PSC-2023-0344-FOF-EI.

Q. Does the 2025 Projection Filing comply with the 2024 Settlement Agreement approved by the Commission on August 21, 2024, in Docket No. 20240025?

A. Yes. All matters in the 2024 Settlement Agreement have been incorporated into the filing.

Q. How will Citrus Combined Cycle ("CCC") Water Treatment System (Project 21) be allocated to rate classes?

A: DEF proposes that O&M and capital costs associated with the CCC Water Treatment System be allocated to rate classes on a Demand basis.

Q. Have you prepared schedules showing the calculation of the recoverable O&M project costs for 2025?

A. Yes. Form 42-2P of Exhibit No. (GPD-3) summarizes recoverable jurisdictional O&M cost estimates for these projects of approximately $10.0 million.

Q. Have you prepared schedules showing the calculation of the recoverable capital project costs for 2025?

A. Yes. Form 42-3P of Exhibit No. (GPD-3) summarizes recoverable jurisdictional capital cost estimates for these projects of approximately $5.1 million. Form 42-4P pages 1 through 11 show detailed calculations of these costs.

Q. Have you prepared schedules providing progress reports for all environmental compliance projects?

A. Yes. Form 42-5P pages 1 through 26 of Exhibit No. (GPD-3) provide a description, progress summary and recoverable cost estimates for each project.

Q. What are the total projected recoverable jurisdictional costs for environmental compliance projects for the year 2025?

A. The total jurisdictional capital and O&M costs to be recovered through the ECRC are approximately $15.1 million. The costs are calculated on Form 42-1P line 1c of Exhibit No. (GPD-3).

Q. Please describe how the proposed ECRC factors are developed.

A. The ECRC factors are calculated on Forms 42-6P and 42-7P of Exhibit No. (GPD-3). The demand component of class allocation factors is calculated by determining the percentage each rate class contributes to monthly system peaks adjusted for losses for each rate class which is obtained from DEF's load research study filed with the Commission on April 28, 2023. The energy allocation factors are calculated by determining the percentage each rate class contributes to total kilowatt-hour sales adjusted for losses for each rate class. Form 42-7P presents the calculation of the proposed ECRC billing factors by rate class.

Q. What are DEF's proposed 2025 ECRC billing factors by the various rate classes and delivery voltages?

A. The calculation of DEF's proposed ECRC factors for 2025 customer billings is shown on Form 42-7P in Exhibit No. (GPD-3) as follows:

RATE CLASS	ECRC FACTORS
Residential	0.030 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.028 cents/kWh
@ Primary Voltage	0.028 cents/kWh
@ Transmission Voltage	0.027 cents/kWh
General Service 100% Load Factor	0.026 cents/kWh
General Service Demand	
@ Secondary Voltage	0.027 cents/kWh
@ Primary Voltage	0.027 cents/kWh
@ Transmission Voltage	0.026 cents/kWh
Curtailable	
@ Secondary Voltage	0.025 cents/kWh
@ Primary Voltage	0.025 cents/kWh
@ Transmission Voltage	0.025 cents/kWh
Interruptible	
@ Secondary Voltage	0.025 cents/kWh
@ Primary Voltage	0.025 cents/kWh
@ Transmission Voltage	0.025 cents/kWh
Lighting	0.021 cents/kWh

C3-489

Q. When is DEF requesting that the proposed ECRC billing factors be effective?

A. DEF is requesting that its proposed ECRC billing factors be effective with the first billing cycle of January 2025 and continue through the last billing cycle of December 2025.

Q. Does this conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Eric Szkolnyj was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

ERIC SZKOLNYJ

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC.

DOCKET NO. 20240007-EI

April 1, 2024

Q. Please state your name and business address.

A. My name is Eric Szkolnyj. My business address is 525 South Tryon Street, Charlotte, NC 28202.

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

A: I am employed by Duke Energy Corporation ("Duke Energy") as General Manager for the Coal Combustion Products ("CCP") Group - Operations & Maintenance. Duke Energy Florida, LLC ("DEF" or the "Company") is a fully owned subsidiary of Duke Energy.

Q: What are your responsibilities in that position?

A: I am responsible for oversight of the operation and maintenance of the majority of CCP facilities in the Carolinas and Florida, including the CCP facility at the Crystal River Energy Center. This includes operating and maintaining all CCP facilities in compliance with state and federal regulations. The Operations and Maintenance group at each station maintains accountability for overall CCP facility performance which requires close collaboration with other Duke Energy CCP organizations such as Project Implementation, Engineering, and Facility Closure. The Company relies on my opinions and information I provide when making decisions regarding the CCP facilities under my supervision.

Q: Please describe your educational background and professional experience.

A: I have a Bachelor of Science degree in Mechanical Engineering from North Carolina State University. I have 19 years of experience in the power generation industry including positions as a Nuclear Control Room Supervisor, Lead Engineer, and Nuclear Oversight Lead Assessor within Duke Energy's Nuclear fleet at Harris Nuclear Plant, and as the Director of Operational Excellence Assessments & Oversight for Duke Energy's Enterprise. Prior to joining Duke Energy, I was employed by the Department of Defense as a civilian Shift Test Engineer for the U.S. Navy. In June of 2021, I began my current role as CCP Regional General Manager.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain material variances between actual and actual/estimated project expenditures for environmental compliance costs associated with DEF's Coal Combustion Residual ("CCR") Rule for the period January 2023 - December 2023. DEF did not have any material variances for the period January 2023 – December 2023.

Q. How did actual O&M project expenditures for the period January 2023 – December 2023 compare to actual/estimated O&M projections for the CCR Rule (Project 18)?

A. The CCR Rule O&M variance is $31,745 or 7% lower than projected.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

ERIC SZKOLNYJ

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

July 26, 2024

Q. Please state your name and business address.

A. My name is Eric Szkolnyj. My business address is 525 South Tryon Street, Charlotte, NC 28202.

Q. By whom are you employed?

A. I am employed by Duke Energy Corporation ("Duke Energy") as General Manager for the Coal Combustion Products ("CCP") Group - Operations & Maintenance. Duke Energy Florida, LLC ("DEF" or the "Company") is a fully owned subsidiary of Duke Energy.

Q. Have you previously filed testimony before this Commission in Docket No. 20240007-EI?

A. Yes, I provided direct testimony on April 1, 2024.

Q. Has your job description, education, background, and professional experience changed since that time?

A. No.

C5-548

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain material variances between 2024 actual/estimated cost projections and original 2024 cost projections for environmental compliance costs associated with DEF's Coal Combustion Residual ("CCR") Rule compliance project.

Q. Please explain the O&M variance between actual/estimated project expenditures and original projections for CCR (Project 18) O&M for the period January 2024 through December 2024.

A. O&M expenditures for CCR are expected to be $35,831 (7%) lower than projected.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

ERIC SZKOLNYJ

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

August 30, 2024

Q. Please state your name and business address.

A. My name is Eric Szkolnyj. My business address is 525 South Tryon Street, Charlotte, NC 28202.

Q. Have you previously filed testimony before this Commission in Docket No. 20240007-EI?

A. Yes. I provided direct testimony on April 1, 2024, and July 26, 2024.

Q. Has your job description, education, background, or professional experience changed since that time?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide an update on Duke Energy Florida, LLC's ("DEF" or "Company") proposed compliance activities and 2025 estimated costs associated with the Coal Combustion Residual ("CCR") Rule, for which the Company seeks recovery under the Environmental Cost Recovery Clause ("ECRC").

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

A. Yes. I am co-sponsoring the following portion of Exhibit No. (GPD-3) to Gary P. Dean's direct testimony:

- 42-5P page 23 – Coal Combustion Residual Rule

Q. What O&M costs does DEF expect to incur in 2025 for the Coal Combustion Residual Rule Program (Project No. 18)?

A. DEF is forecasting $689k in O&M costs for 2025. Various maintenance and repair work is required for the ash landfill to comply with the rule, including maintenance of the landfill cover, vegetation management, fugitive dust mitigation, weekly and annual inspections, and cleaning out and evaluating the performance of the lined sedimentation pond and perimeter ditches which were installed as groundwater corrective measures. DEF will also continue to perform the required ongoing groundwater monitoring for the ash landfill, which includes engineering, sampling, analysis, reporting, installing two additional groundwater monitoring wells, and performing additional groundwater studies. The 2025 O&M projection also includes the annual preparation and validation of the financial reporting needed to comply with the Florida Department of Environmental Protection's adoption of the CCR Rule.

Q. What Capital costs does DEF expect to incur in 2025 for the Coal Combustion Residual Rule Program (Project No. 18)?

A. DEF does not expect capital expenditures in 2025.

Q. Please explain the 2024 amendment to the existing CCR Rule.

A. On May 8, 2024, an amendment to the existing CCR Rule was published in the Federal Register, referred to as the Legacy CCR Rule, with an effective date of November 8, 2024. This rule expands the scope of units regulated under the existing CCR Rule to include both legacy impoundments (inactive surface impoundments at inactive generating facilities) that contained CCR and liquids on or after the CCR Rule's effective date of October 19, 2015, and additional CCR Management Units at facilities otherwise subject to the CCR Rule. The Legacy Rule regulates CCR Management Units, a term defined in the Legacy Rule as any area of land on which any non-containerized accumulation of CCR is received, placed, or otherwise managed. This definition includes inactive CCR landfills and CCR Units that closed prior to the effective date of the 2015 rule.

Q. Will DEF incur any capital or O&M costs in 2025 to comply with the 2024 Legacy CCR Rule?

DEF continues to evaluate the Legacy CCR Rule. DEF expects that additional compliance activities at the Crystal River facility may be required. At a minimum, DEF anticipates additional facility inspections, evaluations, and reporting requirements; further compliance activities may be required based on the outcome of DEF's evaluation of the Legacy CCR Rule. Any capital or O&M compliance costs anticipated by DEF under the Legacy CCR Rule will be included in the appropriate future ECRC filing(s) under DEF's existing Project No. 18.

Q. Does this conclude your testimony?

A. Yes.

C5-553

(Whereupon, prefiled direct testimony of Reginald Anderson was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

REGINALD ANDERSON

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

April 1, 2024

Q. Please state your name and business address.

A. My name is Reginald Anderson. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Vice President – Regulated & Renewable Energy Florida.

Q. What are your responsibilities in that position?

A. As Vice President of DEF's Regulated & Renewable Energy organization, my responsibilities include overall leadership and strategic direction of DEF's power generation fleet. My responsibilities include strategic and tactical planning to operate and maintain DEF's non-nuclear generation fleet; generation fleet project and addition recommendations; major maintenance programs; outage and project management; generation facilities retirement; asset allocation; workforce planning and staffing; organizational alignment and design; continuous business improvement; retention and inclusion; succession planning; and oversight of numerous employees and hundreds of millions of dollars in assets and capital and O&M budgets.

Q. Please describe your educational background and professional experience.

A. I earned a Bachelor of Science degree in Electrical Engineering Technology and Master of Business from the University of Central Florida in 1996 and 2008 respectively. I have 25 years of power plant production experience at DEF in various operational, managerial and leadership positions in fossil steam and combustion turbine plant operations. I also managed the new construction and O&M projects team. I have contract negotiation and management experience. My prior experience includes leadership roles in municipal utilities, manufacturing, and the United States Marine Corps.

Q. Have you previously filed testimony before this Commission in connection with DEF's Environmental Cost Recovery Clause ("ECRC")?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain material variances between actual and actual/estimated project expenditures for environmental compliance costs associated with DEF's Integrated Clean Air Compliance Program (Project 7.4), Mercury and Air Toxics Standards (MATS) – Crystal River (CR) 4&5 (Project 17), Mercury and Air Toxics Standards ("MATS") - Anclote Gas Conversion Project (Project 17.1), and Mercury & Air Toxics Standards (MATS) – CR 1&2 (Project 17.2) for the period January 2023 - December 2023.

Q. Please explain the O&M variance between actual project expenditures and actual/estimated projections for the CAIR Crystal River Project – Energy (Reagents) (Project 7.4) for January 2023 - December 2023?

A. O&M costs for CAIR Crystal River Project – Energy (Reagents) were $1,087,822 or 14% lower than projected. This is predominantly due to Gypsum Sale/Disposal, which had a greater than forecasted credit, actual Gypsum Sales were a credit of $3,346,353, or $2.2M credit (194%) greater than forecasted. Variance for the other reagents were $99k (2%) lower for Limestone Expense, $202k (10%) higher for Ammonia Expense, $697k (37%) higher for Hydrated Lime Expense, and $322k (30%) higher for Caustic Expense.

Q. Please explain the O&M variance between actual project expenditures and actual/estimated projections for the Mercury and Air Toxics Standards ("MATS") – Crystal River (CR) 4&5 – Energy (Project 17) for January 2023 - December 2023?

A. O&M costs for Mercury and Air Toxics Standards (MATS) – Crystal River (CR) 4&5 were $129,326 or 66% lower than projected. This variance is primarily due to a change in timing of the MATS testing for Unit 5. This was originally

C4-537

scheduled to be completed during an outage in Fall of 2023, but has been rescheduled to the Spring of 2024.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

REGINALD ANDERSON

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

July 26, 2024

Q. Please state your name and business address.

A. My name is Reginald Anderson. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Vice President – Regulated & Renewable Energy Florida.

Q. Have you previously filed testimony before this Commission in Docket No. 20240007-EI?

A. Yes, I provided direct testimony on April 1, 2024.

Q. Has your job description, education, background, and professional experience changed since that time?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain material variances between 2024 actual/estimated cost projections and original 2024 cost projections for environmental compliance costs associated with FPSC-approved environmental programs under my responsibility. These programs include the CAIR/CAMR Crystal River ("CR") Program (Project 7.4), Mercury and Air Toxics Standards (MATS) – Crystal River (CR) 4&5 (Project 17), Mercury and Air Toxics Standards ("MATS") - Anclote Gas Conversion Project (Project 17.1), and Mercury & Air Toxics Standards (MATS) – CR 1&2 (Project 17.2).

Q. Please explain the variance between actual/estimated O&M expenditures and the original projections for O&M expenditures for the CAIR/CAMR CR-Energy (Reagents) Program (Project 7.4) for the period January 2024 through December 2024?

A. O&M expenditures for the CAIR/CAMR CR-Energy (Reagents) Program are forecasted to be $1,268,650 (14%) lower than originally forecasted.

This variance is attributable to a forecasted $15k increase Ammonia expense, $961k increase in Limestone expense and a $491k forecasted increase for Hydrated Lime expense, offset by a forecasted decrease of $609k in Caustic expense and an increase in Gypsum Sales Credits of $2.1M.

Q. Please explain the variance between actual/estimated O&M expenditures and the original projections for O&M expenditures for the Mercury & Air

Toxic Standards (MATS) CR4 & CR5 Program (Project 17) for the period January 2024 through December 2024?

A. O&M expenditures for the MATS CR4 & CR5 Program are forecasted to be $32,704 (16%) higher than originally forecasted.

This variance is primarily attributable to some of the forecasted 2023 MATS testing being moved into 2024 due to the timing of the 2023 outage.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

REGINALD ANDERSON

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

August 30, 2024

Q. Please state your name and business address.

A. My name is Reginald Anderson. My business address is 299 1st Avenue North, St. Petersburg, FL 33701.

Q. Have you previously filed testimony before this Commission in Docket No. 20230007-EI?

A. Yes. I provided direct testimony on April 1, 2024, and July 26, 2024.

Q. Has your job description, education, background, or professional experience changed since that time?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide estimates of ECRC-recoverable costs that will be incurred in 2025 for Duke Energy Florida, LLC's ("DEF" or "Company") environmental compliance programs under my responsibility. These programs include the CAIR/CAMR Crystal River ("CR") Program (Project 7.4), Mercury and Air Toxics Standards (MATS) – Crystal River (CR) 4&5 (Project 17), Mercury and Air Toxics Standards (MATS) – Anclote Gas Conversion (Project 17.1), and Mercury & Air Toxics Standards (MATS) – Crystal River 1&2 Program (Project 17.2).

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

A. Yes. I am co-sponsoring the following portions of Exhibit No. (GPD-3) to Gary P. Dean's direct testimony:

- 42-5P page 7 of 26 – Clean Air Interstate Rule (CAIR)
- 42-5P page 20 of 26 - MATS – CR4&5
- 42-5P page 21 of 26 - MATS – Anclote Gas Conversion
- 42-5P page 22 of 26 - MATS – CR1&2

Q. What O&M costs does DEF expect to incur in 2025 for the CAIR/CAMR Crystal River – Energy Program (Project 7.4)?

A. DEF estimates O&M costs of approximately $8.3M to support reagent and bi-product costs (ammonia, limestone, hydrated lime, caustic, dibasic acid, and net gypsum sales/disposal) for use at the CR Energy Complex ("CREC") as outlined in DEF's Integrated Clean Air Compliance Plan.

Q. What O&M costs does DEF expect to incur in 2025 for the MATS Program – CR 4&5 (Project No. 17)?

A. DEF estimates O&M costs of approximately $161k for CR 4&5 MATS compliance. This estimate includes emissions testing, burner inspections, maintenance of emissions monitoring and control technologies, and reagent costs.

Q. Does this conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Patricia Q. West was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

PATRICIA Q. WEST

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

April 1, 2024

Q. Please state your name and business address.

A. My name is Patricia Q. West. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Director Environmental Field Support – Florida.

Q. What are your responsibilities in that position?

A. My responsibilities include managing the work of environmental field professionals who are responsible for environmental, technical, and regulatory support during the development and implementation of environmental compliance strategies for regulated power generation facilities and electrical transmission and distribution facilities in Florida. This includes daily compliance activities in support of operations.

Q. Please describe your educational background and professional experience.

A. I obtained my Bachelor of Arts degree in Biology from New College of the University of South Florida in 1983. I was employed by the Polk County Health Department between 1983 and 1986 and by the Florida Department of Environmental Protection ("FDEP") from 1986 - 1990. At the FDEP, I was involved in compliance and enforcement efforts associated with petroleum storage facilities. I joined Florida Power Corporation in 1990 as an Environmental Project Manager and then held progressively more responsible positions through the merger with Carolina Power and Light, and more recently through the merger with Duke Energy in my role as the Director Environmental Field Support – FL.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain material variances between actual and actual/estimated project expenditures for environmental compliance costs associated with FPSC-approved programs under my responsibility. These programs include the T&D Substation Environmental Investigation, Remediation and Pollution Prevention Program (Projects 1 & 1a), Distribution Environmental Investigation, Remediation and Pollution Prevention Program (Project 2), Pipeline Integrity Management ("PIM") Program (Project 3), Above Ground Storage Tanks ("AST") Program (Project 4), Phase II Cooling Water Intake 316(b) Program (Project 6), CAIR/CAMR Continuous Mercury Monitoring System ("CMMS") Program (Projects 7.2 & 7.3), Best Available Retrofit

Technology ("BART") Program (Project 7.5), National Emission Standards for Hazardous Air Pollutants ("NESHAP") – Base (Project 7.6), Arsenic Groundwater Standard Program (Project 8), Sea Turtle – Coastal Street Lighting Program (Project 9), Underground Storage Tanks ("UST") Program (Project 10), Modular Cooling Towers (Project 11), Thermal Discharge Permanent Compliance (Project 11.1), Greenhouse Gas Inventory and Reporting (Project 12), Mercury Total Maximum Loads Monitoring ("TMDL") (Project 13), Hazardous Air Pollutants ("HAPs") Information Collection Request ("ICR") (Project 14), Effluent Limitation Guidelines CRN (Project 15.1), and National Pollutant Discharge Elimination System ("NPDES") Program (Project 16).

Q. How did actual O&M expenditures for January 2023 - December 2023 compare with DEF's actual/estimated projections for the Phase II Cooling Water Intake - 316(b) Project (Projects 6 & 6a)?

A. The Phase II Cooling Water Intake - 316(b) (Projects 6 & 6a) O&M variance is 26%, or $92,845 lower than projected. This variance is primarily due to Crystal River's reduced runtimes which reduced the number of cleanings the intake screens required for the year. Additional favorability is due to the delay in permit issuance for the Anclote Station. The draft Anclote NPDES permit was issued on February 5, 2024. The final permit is expected to be issued in spring 2024.

Q. How did actual Capital expenditures for January 2023 - December 2023 compare with DEF's actual/estimated projections for the Cooling Water Intake - 316(b) Bartow Project (Project 6.1)?

A. The Cooling Water Intake - 316(b) (Bartow) capital variance is 72% or $280,468 lower than projected. This variance is predominantly due to a delay in project commencement. Contracts were projected to be in place by July 2023, however, final contracts were not issued until September 2023 which delayed the start of the engineering and design phase of the project.

Q. How did actual O&M expenditures for January 2023 - December 2023 compare with DEF's actual/estimated projections for the National Emission Standards for Hazardous Air Pollutants (NESHAP) – Base Project (Project 7.6)?

A. The National Emission Standards for Hazardous Air Pollutants (NESHAP) - Base (Project 7.6) O&M variance is 31%, or $18,862 lower than projected.

This variance is primarily due to the permit updates being incorporated into the permit renewal process instead of a permit modification, which results in a cost savings.

Q. How did actual O&M expenditures for January 2023 - December 2023 compare with DEF's actual/estimated projections for the Arsenic Groundwater - Energy Project (Project 8)?

A. The Arsenic Groundwater - Energy (Project 8) O&M variance is 30% or $26,747 lower than projected. This variance is primarily due to delay in preparing the required Declaration of Restrictive Land Use Covenant which was dependent upon FDEP's approval of associated closure and institutional controls proposal. The Covenant is a legal document which outlines the restricted use of the property due to soil / groundwater impacts in FDEP's area of concern. Once finalized, this legal document will be appended to the property deed with the county property appraiser's office.

Q. In Order No. PSC-2010-0683-FOF-EI issued in Docket No. 20100007-EI on November 15, 2010, the Commission directed DEF to file as part of its ECRC true-up testimony a yearly review of the efficacy of its Plan D and the cost-effectiveness of DEF's retrofit options for each generating unit in relation to expected changes in environmental regulations. Has DEF conducted such a review?

A. Yes. DEF's yearly review of the Integrated Clean Air Compliance Plan is provided as Exhibit No. (PQW-1).

Q. What is the status of the Clean Water Rule?

A. On June 29, 2015, the Environmental Protection Agency ("EPA") and the Army Corps of Engineers ("Corps") published the final Clean Water Rule that significantly expanded the definition of the Waters of the United States ("WOTUS"). On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit granted a nationwide stay of the rule effective through the conclusion of the judicial review process. On February 22, 2016 the Sixth Circuit issued an opinion that it has jurisdiction and is the appropriate venue to hear the merits of legal challenges to the rule; however, that decision was contested, and on January 22, 2018, the U.S. Supreme Court issued its decision stating federal district courts, instead of federal appellate courts, have jurisdiction over challenges to the rule defining waters of the United States Consistent with the U.S. Supreme Court decision, the U.S. Court of Appeals for the Sixth Circuit lifted its nationwide stay on February 28, 2018. The stay issued by the North Dakota District Court remains in effect, but only within the thirteen counties within the North Dakota District. On February 28, 2017, President Trump signed an executive order laying out a new policy direction for how "Waters of the United States" should be defined and directing the EPA and the Corps to initiate a rulemaking to either rescind or revise the 2015 Clean Water Rule developed by the Obama administration. Subsequently, the EPA Administrator signed a pre-publication notice reflecting the intent to move forward with rulemaking in response to this directive. In addition, the executive order seeks to have the Department of Justice determine the path forward on the Clean Water Rule litigation as a result of the new policy direction.

On January 31, 2018, the EPA and Corps announced a final rule adding an applicability date to the 2015 rule defining "Waters of the United States," thereby deferring implementation of the 2015 WOTUS Rule until early 2020. This rule has no immediate impact to Duke Energy, and the agencies will continue to apply the pre-existing WOTUS definition in place prior to the 2015 rule until 2020.

On February 14, 2019, the EPA and the Corps published in the Federal Register, the "Revised Definition of 'Waters of the United States,'" which proposed to narrow the extent of the Clean Water Act jurisdiction as compared to the 2015 definition adopted by the Obama Administration (Proposed Rule). On January 23, 2020, the EPA and the Corps released a pre-publication version of *The Navigable Waters Protection Rule: Definition of "Waters of the United States." (NWPR Rule)*. On April 21, 2020, the EPA and the Corps published the modified definition of the WOTUS in the Federal Register. DEF has reviewed the final rule and determined there are no impacts associated with the 2020 WOTUS Rule with respect to the operation of our existing generation facilities.

On January 20, 2021, through Executive Order 13990, the Biden Administration directed the EPA and the Corps to review the NWPR Rule. The US District Court for the District of Arizona vacated and remanded the NWPR Rule on August 30, 2021, which vacated and remanded the rule nationwide. The EPA and the Corps announced on September 3, 2021, that efforts to implement the NWPR Rule had ceased and on December 7, 2021, the EPA published a proposed rule to officially repeal the NWPR Rule and replace it with the 1986 WOTUS rule. The public comment period for this proposed rule closed on February 7, 2022. On January 18, 2023, the EPA and Corps published in the Federal Register the final rule revising the definition of "Waters of the United States" (the "WOTUS Final

Rule"). The WOTUS Final Rule sets forth which surface waters and wetlands are jurisdictional for section 404 wetland permitting, NPDES, and other Clean Water Act ("CWA") regulatory programs. The WOTUS Final Rule became effective on March 20, 2023.

On May 25, 2023, the U.S. Supreme Court (the Court) unanimously rejected the significant nexus test as a basis for determining whether "adjacent" wetlands are considered waters of the United States (WOTUS). On June 26, 2023, EPA announced that they and the Corps would promulgate a new WOTUS rule based on the Court's decision. This final rule was published on September 8, 2023, was effective immediately and amended the previous 2023 definition of WOTUS. As a result of ongoing litigation on the January 2023 rule, the agencies are implementing the January 2023 rule. In Florida the agencies are interpreting WOTUS consistent with the pre-2015 definition and the Court's decision until further notice.

DEF will continue to monitor the status of the rule and any proposed changes to ascertain any further compliance steps that may be required.

Q. Please explain Rule 62-520.420 Florida Administrative Code (F.A.C.), and its impact to DEF.

A. Rule 62-520.420, Florida Administrative Code (F.A.C.), "Standards for Class G-I and G-II Ground Water," establishes standards for discharges into Class G-I and

G-II Ground Water. The rule includes the requirement to comply with the groundwater standard for manganese of 0.160 mg/L. In the case of the Citrus Combined Cycle Station, this requirement is implemented in Attachment H of Conditions of Certification PA 77-09, which authorizes discharge of the Industrial Wastewater ("IWW") generated by the station into a percolation pond system. The authorization includes groundwater monitoring required to comply with the rule.

On January 10, 2023, the Florida Department of Environmental Protection ("FDEP") issued Administrative Order AO-052SWD22 ("AO") to provide an interim limit and compliance schedule to address exceedances of the manganese groundwater standard following the February 7, 2023 amendment of the Attachment H which designated compliance wells and implemented a site-specific manganese ground water standard based on background conditions. The AO requires the station to be in compliance with the standard by January 10, 2026, 3 years from issuance of the AO. The 2nd Quarter 2023 Progress Report submitted to FDEP on July 13, 2023, as required by the AO, indicated that DEF would be pursuing the design of a permanent manganese reduction solution for the site and expected to have a concept design completed by the end of 3rd Quarter 2023. The concept design for the Citrus Combined Cycle Water Treatment System was completed as scheduled and a meeting was conducted with FDEP on November 13, 2023, to discuss permitting of the project by amending Attachment H of the Conditions of Certification.

Q. Which DEF generating units are impacted by the Administrative Order?

A. The Citrus Combined Cycle ("CCC") units are impacted by the AO. To comply, DEF will construct and operate a Water Treatment System to remove manganese from the station's filter backwash, with the treated water being reused in the service water system, and the solids being disposed of at the Crystal River Energy Complex landfill. The expected capital costs and O&M costs for 2024 through the compliance date of January 10, 2026, are yet to be determined. After the project goes in-service DEF will be required to perform annual maintenance and conduct annual compliance tests to demonstrate continued compliance with the regulation. DEF will include the 2024 and forward capital and O&M cost estimates for this project in the 2024 Actual/Estimated Filing and 2025 Projection Filing, to be filed with the Commission on July 26, 2024, and August 30, 2024, respectively.

Q. Do DEF's expected Citrus Combined Cycle Water Treatment System compliance activity costs meet the recovery criteria established by Order No. 94-044-FOF-EI?

A. Yes. The proposed Citrus Combined Cycle Water Treatment System compliance activities associated with the standard merit ECRC cost recovery under Order No. PSC-94-0044-FOF-EI. All costs associated with the project will be prudently incurred after April 13, 1993. This activity is legally required to comply with the requirements of Administrative Order AO-052SWD22 during its 3-year duration and ultimately to comply with Rule 62-520.420. The need to engage in such activities has been triggered after the Company's last rate case and are not recovered through base rates or through any other mechanism.

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

PATRICIA Q. WEST

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

July 26, 2024

Q. Please state your name and business address.

A. My name is Patricia Q. West. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Director Environmental Field Support – Florida.

Q. Have you previously filed testimony before this Commission in Docket No. 20240007-EI?

A. Yes, I provided direct testimony on April 1, 2024.

Q. Has your job description, education, background, and professional experience changed since that time?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain material variances between 2024 actual/estimated cost projections and original 2024 cost projections for environmental compliance costs associated with FPSC-approved programs under my responsibility. These programs include the Substation Environmental Investigation, Remediation and Pollution Prevention Program (Project 1 & 1a), Distribution System Environmental Investigation, Remediation and Pollution Prevention Program (Project 2), Pipeline Integrity Management (PIM) (Project 3), Above Ground Secondary Containment (Project 4), Phase II Cooling Water Intake – 316(b) (Project 6), CAIR/CAMR - Peaking (Project 7.2), Best Available Retrofit Technology (BART) (Project 7.5), Arsenic Groundwater Standard (Project 8), Sea Turtle Coastal Street Lighting Program (Project 9), Underground Storage Tanks (Project 10), Modular Cooling Towers (Project 11), Thermal Discharge Permanent Cooling Tower (Project 11.1), Greenhouse Gas Inventory and Reporting (Project 12), Mercury Total Daily Maximum Loads Monitoring (Project 13), Hazardous Air Pollutants Information Collection Request (ICR) Program (Project 14), Effluent Limitation Guidelines Program (Project 15.1), National Pollutant Discharge Elimination System (NPDES) (Project 16), Reclaimed Water Interconnection (Project 19), Lead and Copper Rule (Project 20), and Citrus Combined Cycle Water Treatment System (Project 21) for the period January 2024 through December 2024.

Q. Please explain the variance between actual/estimated O&M project expenditures and original projections for Phase II Cooling Water Intake 316(b) (Projects 6 & 6a) for the period January 2024 through December 2024.

A. O&M expenditures for Phase II Cooling Water Intake 316(b) are expected to be $161,632 (29%) lower than originally forecasted.

Project 6, 316(b) – Base is forecasted to be $41k (15%) lower than forecasted. This variance is primarily due to Crystal River Unit 5 being offline for a planned outage, which resulted in reduced cleaning of the intake screens.

Project 6a, 316(b) – Intermediate is forecasted to be $121k (43%) lower than originally forecasted. This variance is primarily due to the Florida Department of Environmental Protection's ("FDEP") issuing the NPDES permit later than anticipated. The permit was issued on May 29, 2024.

Q. Please explain the variance between actual/estimated Capital project expenditures and original projections for Phase II Cooling Water Intake 316(b) – Base - Bartow, (Project 6.1) for the period January 2024 through December 2024.

A. Capital expenditures for Phase II Cooling Water Intake 316(b) Base – Bartow, are forecasted to be $107,007 (18%) lower than originally forecasted. This variance is primarily due to delays with commencing detailed engineering design as facility staff evaluated where the appropriate organism return flume should be located. Now that this detail has been determined, detailed engineering has begun.

Q. Please explain the variance between actual/estimated O&M project expenditures and original projections for National Emission Standards for Hazardous Air Pollutants (NESHAP) - Base (Project 7.6) for the period January 2024 through December 2024.

A. O&M expenditures for National Emission Standards for Hazardous Air Pollutants - Base are forecasted to be $18,754 (47%) lower than forecasted. This is primarily due to DEF petitioning the FDEP for a reduction in annual emissions testing due to all four units being identical. The agency approved the request and will allow testing of one unit, instead of all four.

Q. Please explain the variance between actual/estimated O&M project expenditures and original projections for Arsenic Groundwater Standard - Base (Project 8) for the period January 2024 through December 2024.

A. O&M expenditures for Arsenic Groundwater Standard - Base are forecasted to be $15,972 (40%) lower than forecasted. This is primarily due to DEF utilizing internal labor to conduct the annual soil cap inspection, which resulted in a cost savings. Mowing of the cap was reduced because the soil cap area was flooded with stormwater which limited mowing to only the perimeter of the area to allow visual inspection.

Q. Please explain the variance between actual/estimated O&M project expenditures and original projections for National Pollutant Discharge Elimination System ("NPDES") (Project 16) for the period January 2024 through December 2024.

A. O&M expenditures for NPDES are expected to be $28,526 (79%) higher than forecasted. This is primarily due to the new NPDES permit requirement for Crystal River to update the Thermal Variance study. This requirement was included in the October 2023 permit. Due to the timing of receiving the permit, DEF was unable to include estimates for this study in the 2024 Projection filing.

Q. Please explain the variance between actual/estimated Capital project expenditures and original projections for Reclaimed Water Interconnection, (Project 19) for the period January 2024 through December 2024.

A. Capital expenditures for Reclaimed Water Interconnection (Project 19) are forecasted to be $72,156 (28%) lower than originally forecasted. This variance is primarily due to the project commencing in May rather than January.

Q. Please explain the variance between actual/estimated Capital project expenditures and original projections for Citrus Combined Cycle Water Treatment System (Project 21), for the period January 2024 through December 2024.

A. Capital expenditures for CCC Water Treatment System are forecasted to be $1,819,333 in 2024. This project was not included in DEF's 2024 Projection Filing. DEF notified the Commission of this new project in its April 1, 2024 True-Up Filing.

Q. Please provide an update of the Citrus Combined Cycle Water Treatment System (Project 21)

C6-584

A. The objective of the Citrus Combined Cycle Water Treatment project is to develop a cost-effective, engineered solution for a system to reduce or eliminate the manganese loading to the percolation ponds. The new system will remove manganese, iron, and other solids from the backwash stream of the existing iron filters and return the treated backwash to the iron filter raw water inlet. The project is in the final design phase and includes engineering and procurement of major treatment system components.

Q. Please provide an update on the Waters of the United States ("WOTUS") Rule.

A. On June 29, 2015, the EPA, and the Army Corps of Engineers ("Corps") published the final Clean Water Rule that significantly expanded the definition of the Waters of the United States ("WOTUS"). On October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit granted a nationwide stay of the rule effective through the conclusion of the judicial review process. On February 22, 2016 the Sixth Circuit issued an opinion that it has jurisdiction and is the appropriate venue to hear the merits of legal challenges to the rule; however, that decision was contested, and on January 22, 2018, the U.S. Supreme Court issued its decision stating federal district courts, instead of federal appellate courts, have jurisdiction over challenges to the rule defining waters of the United States Consistent with the U.S. Supreme Court decision, the U.S. Court of Appeals for the Sixth Circuit lifted its nationwide stay on February 28, 2018. The stay issued by the North Dakota District Court remains in effect, but only within the thirteen states within the North Dakota District. On February 28, 2017, President Trump signed an executive order laying out a new policy direction for how "Waters of the United States" should be defined and directing the EPA and the Corps to initiate a rulemaking to either rescind or revise the 2015 Clean Water Rule developed by the Obama administration. Subsequently, the EPA Administrator signed a pre-publication notice reflecting the intent to move forward with rulemaking in response to this directive. In addition, the executive order seeks to have the Department of Justice determine the path forward on the Clean Water Rule litigation in light of the new policy direction.

On January 31, 2018, the EPA and Corps announced a final rule adding an applicability date to the 2015 rule defining "waters of the United States," thereby deferring implementation of the 2015 WOTUS Rule until early 2020. This rule has no immediate impact to Duke Energy, and the agencies will continue to apply the pre-existing WOTUS definition in place prior to the 2015 rule until 2020.

On February 14, 2019, the EPA and Corps published in the Federal Register, the "Revised Definition of 'Waters of the United States,'" which proposed to narrow the extent of Clean Water Act jurisdiction as compared to the 2015 definition adopted by the Obama Administration (Proposed Rule). On January 23, 2020, the EPA and Corps released a pre-publication version of *The Navigable Waters Protection Rule: Definition of "Waters of the United States." (NWPR Rule)*. On April 21, 2020, the EPA and Corps published the modified definition of the WOTUS in the Federal Register. DEF has reviewed the final rule and determined there are no impacts associated with the 2020 WOTUS Rule with respect to the operation of our existing generation facilities.

On January 20, 2021, through Executive Order 13990, the Biden Administration directed the EPA and the Corps to review the NWPR Rule. The US District Court for the District of Arizona vacated and remanded the NWPR Rule on August 30, 2021, which vacated and remanded the rule nationwide. The EPA and Corps announced on September 3, 2021 that efforts to implement the NWPR Rule had ceased and on December 7, 2021, the EPA published a proposed rule to officially repeal the NWPR Rule and replace it with the 1986 WOTUS rule. The public comment period for this proposed rule closed on February 7, 2022.

On January 18, 2023, the EPA and Corps published in the Federal Register the final rule revising the definition of "Waters of the United States" (the "WOTUS Final Rule"). The WOTUS Final Rule sets forth which surface waters and wetlands are jurisdictional for section 404 wetland permitting, NPDES, and other Clean Water Act ("CWA") regulatory programs. The WOTUS Final Rule became effective on March 20, 2023. On May 25, 2023, The U.S. Supreme Court (the Court) unanimously rejected the significant nexus test as a basis for determining whether "adjacent" wetlands are considered waters of the United States (WOTUS). On June 26, 2023, EPA announced that they and the Corps were promulgating a new WOTUS rule based on the court's decision. On September 8, 2023, the U.S. Environmental Protection Agency and the U.S. Army Corps of Engineers published a final rule to align the definition of WOTUS under the CWA with the U.S. Supreme Court's May 25, 2023, decision. Additionally, on June 17, 2024, the U.S. District Court for the Eastern District of North Carolina denied a motion for preliminary injunction that sought to suspend nationwide enforcement of the September 2023 final rule issued by the EPA. Neither of these decisions has driven any new compliance requirements for DEF's facilities.

DEF will continue to monitor the status of the rule and any proposed changes to ascertain any further compliance steps that may be required.

Q. Does this conclude your testimony?

A. Yes.

C6-588

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

PATRICIA Q. WEST

ON BEHALF OF

DUKE ENERGY FLORIDA, LLC

DOCKET NO. 20240007-EI

August 30, 2024

Q. Please state your name and business address.

A. My name is Patricia Q. West. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

Q. Have you previously filed testimony before this Commission in Docket No. 20240007-EI?

A. Yes. I provided direct testimony on April 1, 2024, and July 26, 2024.

Q. Has your job description, education, background, or professional experience changed since that time?

A. No.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide estimates of the costs that will be incurred in 2025 for Duke Energy Florida, LLC's ("DEF" or "Company") Substation Environmental Investigation, Remediation and Pollution Prevention

Program (Projects 1 & 1a), Distribution Environmental Investigation, Remediation and Pollution Prevention Program (Project 2), Pipeline Integrity Management ("PIM") Program (Project 3), Above Ground Storage Tanks ("AST") Program (Project 4), Phase II Cooling Water Intake 316(b) Program (Project 6), CAIR/CAMR Continuous Mercury Monitoring System ("CMMS") Program (Projects 7.2 & 7.3), Best Available Retrofit Technology ("BART") Program (Project 7.5), National Emission Standards for Hazardous Air Pollutants (NESHAP – Base (Project 7.6), Arsenic Groundwater Standard Program (Project 8), Sea Turtle – Coastal Street Lighting Program (Project 9), Underground Storage Tanks ("UST") Program (Project 10), Modular Cooling Towers (Project 11), Thermal Discharge Permanent Compliance (Project 11.1), Greenhouse Gas Inventory and Reporting (Project 12), Mercury Total Maximum Loads Monitoring ("TMDL") (Project 13), Hazardous Air Pollutants ("HAPs") Information Collection Request ("ICR") (Project 14), Effluent Limitation Guidelines CRN (Project 15.1), National Pollutant Discharge Elimination System ("NPDES") Program (Project 16), Reclaimed Water Interconnection (Project 19), Lead and Copper Rule (Project 20), and Citrus Combined Cycle Water Treatment System (Project 21).

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

A. Yes. I am co-sponsoring the following portions of Exhibit No. (GPD-3) to Gary P. Dean's direct testimony:

- 42-5P page 1 of 26 – Substation Environmental Investigation, Remediation and Pollution Prevention Program
- 42-5P page 2 of 26 - Distribution System Environmental Investigation, Remediation and Pollution Prevention Program
- 42-5P page 3 of 26 – PIM
- 42-5P page 4 of 26 - AST
- 42-5P page 6 of 26 - Phase II Cooling Water Intake
- 42-5P page 7 of 26 – Clean Air Interstate Rule ("CAIR")
- 42-5P page 8 of 26 – BART
- 42-5P page 9 of 26 - Arsenic Groundwater Standard
- 42-5P page 10 of 26 – Sea Turtle – Coastal Street Lighting Program
- 42-5P page 11 of 26 - UST
- 42-5P page 12 of 26 - Modular Cooling Towers
- 42-5P page 13 of 26 - Thermal Discharge Permanent Cooling Tower
- 42-5P page 14 of 26 - Greenhouse Gas Inventory and Reporting
- 42-5P page 15 of 26 - Mercury TMDL
- 42-5P page 16 of 26 - HAPs ICR
- 42-5P page 17 of 26 - Effluent Limitation Guidelines ICR Program
- 42-5P page 18 of 25 - Effluent Limitation Guidelines CRN Program
- 42-5P page 19 of 26 – NPDES
- 42-5P Page 24 of 26 – Reclaimed Water Interconnection
- 42-5P Page 25 of 26 – Lead and Copper Rule
- 42-5P Page 26 of 26 – Citrus Combined Cycle Water Treatment System

Q. What O&M costs does DEF expect to incur in 2025 for the Phase II Cooling Water Intake 316(b) Program (Projects 6 and 6a)?

A. DEF is forecasting a total of $606k in O&M costs for the Phase II Cooling Water Intake Program 316(b) projects in 2025.

DEF estimates approximately $231k of O&M for Crystal River North, Project 6 - Base, for the routine inspection and cleaning of the 316(b) compliant screens.

DEF estimates approximately $375k of O&M costs for the Anclote Station, Project 6a – Intermediate, for the development and implementation of the impingement mortality study plan.

Q. What Capital costs does DEF expect to incur in 2025 for the Phase II Cooling Water Intake 316(b) Program for Bartow CC station (Project 6.1)?

A. DEF estimates approximately $960k of capital costs in 2025 for Bartow station 316(b) (Project 6.1).

These costs are for the preliminary engineering and design of modified traveling screens and an organism return system.

Q. What costs does DEF expect to incur in 2025 for the National Emission Standards for Hazardous Air Pollutants ("NESHAP") – Base (Project 7.6)?

A. DEF is forecasting $25k in O&M costs for the NESHAP project in 2025 for annual compliance testing at Citrus Combined Cycle Station ("CCC"). DEF is required to conduct annual compliance tests to demonstrate continued compliance with the formaldehyde limit.

Q. What costs does DEF expect to incur in 2025 for the Arsenic Groundwater Standard Program (Project 8)?

A. DEF forecasts 2025 O&M expenditures to be $58k. Anticipated costs are associated with maintenance of the soils cap (engineering control) installed in the former north ash pond, institutional controls checklist and draft declaration of restrictive covenant followed by the final declaration of restrictive covenant.

Q. What costs does DEF expect to incur in 2025 for the NPDES Program (Project No. 16)?

A. DEF estimates $190k of O&M costs for NPDES Program. This includes $38k for Whole Effluent Toxicity ("WET") testing as required at DEF stations with NPDES permits. It also includes $152k for implementation of an updated thermal plan of study ("POS") at Crystal River North as required by the October 2023 NPDES permit.

Q. What costs does DEF expect to incur in 2025 for the Reclaimed Water Interconnection Program (Project No. 19)?

A. DEF estimates $1.5M of Capital costs for the for the engineering, materials, and construction of the new treatment system and associated piping.

Q. Please provide an update on the Reclaimed Water Interconnection Program (Project No. 19).

A. The project engineering commenced in May 2024. Construction is expected to begin in March of 2026, with an estimated in-service date in the 3rd quarter 2026.

Q. What costs does DEF expect to incur in 2025 for the Citrus Combined Cycle Water Treatment System Program (Project No. 21)?

A. DEF is forecasting this project to be complete in 2025 and all costs to be final by year-end. DEF estimates $1.1M of Capital costs for 2025.

Q. Please provide an update on the Citrus Combined Cycle Water Treatment System Program (Project No. 21).

A. DEF is currently working on design and expects to receive bids for the major components by September 2024. By first quarter 2025, DEF expects to complete the reviews of bids and select construction vendors. Main component delivery and construction start is expected in Q2 2025. DEF anticipates construction completion and the project to be placed in-service by Q4 2025, and a total project cost of $2.9M.

Q. Does this conclude your testimony?

A. Yes.

(Whereupon, prefiled direct testimony of Zel D. Jones was inserted.)

BEFORE THE PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

ZEL D. JONES

Q. Please state your name, address, occupation, and employer.

A. My name is Zel D. Jones. My business address is 702 N. Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "Company") in the position of Manager, Rates in the Regulatory Affairs department.

Q. Please provide a brief outline of your educational background and business experience.

A. I received a Bachelor of Science degree in Civil Engineering with a concentration in Environmental Science from Tennessee State University in 2000, and I received a Master of Business degree from City University of Seattle in 2006. I joined Tampa Electric in 2011 as the Environmental and Water Systems Engineer at the Big Bend Power Station in Apollo Beach, Florida. In December 2019, I joined the Outage & Project Management ("O&PM") Department as a Project Engineer. I became a Project

Manager within the same department in 2020 and managed capital projects for Big Bend and Bayside Power Stations. In 2022, I became the Capital Program Lead at Bayside Power Station – overseeing the capital program budget. I joined the Regulatory Affairs Department in October 2023 as a Manager, Rates. My current duties entail managing cost recovery for fuel and purchased power, interchange sales, capacity payments, and approved environmental projects. I have over 12 years of electric utility experience in the area of power plant operations, operational environmental compliance (including development and execution of approved Environmental Clause Recovery Clause projects), and large capital project and program management.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present for Commission review and approval the actual true-up amount for the Environmental Cost Recovery Clause ("Environmental Clause") and the calculations associated with the environmental compliance activities for the period January 2023 through December 2023.

Q. Did you prepare any exhibits in support of your testimony?

A. Yes. Exhibit No. ZDJ-1 consists of nine documents prepared under my direction and supervision.

- Form 42-1A, Document No. 1, provides the final true-up for the January 2023 through December 2023 period;
- Form 42-2A, Document No. 2, provides the detailed calculation of the actual true-up for the period;
- Form 42-3A, Document No. 3, shows the interest provision calculation for the period;
- Form 42-4A, Document No. 4, provides the variances between actual and actual/estimated costs for O&M activities;
- Form 42-5A, Document No. 5, provides a summary of actual monthly O&M activity costs for the period;
- Form 42-6A, Document No. 6, provides the variances between actual and actual/estimated costs for capital investment projects;
- Form 42-7A, Document No. 7, presents a summary of actual monthly costs for capital investment projects for the period;
- Form 42-8A, Document No. 8, pages 1 through 19, illustrates the calculation of depreciation expense and return on capital investment for each project recovered through the Environmental Clause.
- Form 42-9A, Document No. 9, details Tampa Electric's revenue requirement rate of return for capital

projects recovered through the Environmental Clause.

Q. What is the source of the data presented in your testimony and exhibits?

A. Unless otherwise indicated, the actual data is taken from the books and records of Tampa Electric. The books and records are kept in the regular course of business in accordance with generally accepted accounting principles and practices, and provisions of the Uniform System of Accounts as prescribed by this Commission.

Q. What is the final true-up amount for the Environmental Clause for the period January 2023 through December 2023?

A. The final true-up amount for the Environmental Clause for the period January 2023 through December 2023 is an over-recovery of $4,203,268. The actual environmental cost over-recovery, including interest, is $7,383,991 for the period January 2023 through December 2023, as identified in Form 42-1A. This amount, less the $3,180,723 over-recovery approved in Commission Order No. PSC-2023-0344-FOF-EI, issued November 16, 2023, in Docket No. 20230007-EI, results in a final over-recovery of $4,203,268, as shown on Form 42-1A. This over-recovery amount will be applied in the calculation of the environmental cost recovery factors for the period January 2025 through December 2025.

Q. Are all costs listed in Forms 42-4A through 42-8A incurred for environmental compliance projects approved by the Commission?

A. Yes. All costs listed in Forms 42-4A through 42-8A for which Tampa Electric is seeking recovery are incurred for environmental compliance projects approved by the Commission.

Q. Did Tampa Electric include activity in its 2023 final Environmental Clause true-up filing for any new environmental projects that were not anticipated and included in its 2023 factors?

A. No, Tampa Electric did not include any activity in its 2023 final Environmental Clause true-up filing for any new environmental projects that were not anticipated and included in its 2023 factors.

Q. Did Tampa Electric have any adjustments to the total actual amount of environmental costs?

A. Yes. Tampa Electric included the revenues from the sale of Tampa Electric's Renewable Energy Certificates ("RECs") in 2023. These revenues are outlined on Document Nos. Form 42-4A and 42-5A. Tampa Electric sells its RECs in the voluntary market in accordance with the company's 2021 Settlement Agreement, in Docket No. 20210034-EI, and approved by Commission Order No. PSC-2021-0423-S-EI, issued November 10, 2021. The revenues associated with RECs for the period of January 2023 through December 2023 is $3,425,047.

Q. How do actual expenditures for the period January 2023 through December 2023 compare with Tampa Electric's actual/estimated projections as presented in previous testimony and exhibits?

A. As shown on Form 42-4A, total costs for O&M activities are $3,664,543, or 204.1 percent less than the actual/estimated projection costs. Form 42-6A shows the total capital investment costs are $7,206, or 0.0 percent more than the actual/estimated projection costs. Additional information regarding substantial variances is provided below.

O&M Project Variances

O&M expense projections related to planned maintenance work are typically spread across the period in question.

However, the company always inspects the units to ensure that maintenance is needed before beginning the work. The need varies according to the actual usage and associated "wear and tear" on the units. If an inspection indicates that the maintenance is not yet needed or if additional work is needed, then the company will have a variance when actual amounts expended are compared to the projection. When inspections indicate that work is not needed now, then maintenance expense will be incurred in a future period when warranted by the condition of the unit.

- **SO2 Emissions Allowances:** The SO2 Emissions Allowances project variance is $17, or 27.5 percent less than projected. The variance is due to more cogeneration purchases along with lower consumption allowances. The re-projection incorporated 6 months of actuals and 6 months of estimated amounts based on the same methodology with the averages based on historical actual spend.

- **Big Bend PM Minimization and Monitoring:** The Big Bend Minimization and Monitoring project variance is $120,425, or 39.6 percent greater than projected. The variance is due to an increase in the CEMS maintenance contract and the cost of parts being higher than originally estimated.

- **Bayside SCR Consumables:** The Bayside SCR Consumables project variance is $132,438, or 50.4 percent less than projected. The variance is due to Unit 2 being held in a lower dispatch priority than the three other available generating units during the months of January to March 2023; resulting in less ammonia usage and SCR operation than projected.

- **Big Bend Unit 4 SCR:** The Big Bend Unit 4 SCR project variance is $35,542, or 5 percent greater than projected. The variance is due to slightly more coal being utilized on Big Bend Unit 4 than planned. Subsequently, this required additional SCR maintenance costs to ensure proper operation.

- **Greenhouse Gas Reduction Program:** The Greenhouse Gas Reduction Program variance is $8,638, or 39.6 percent less than projected. The variance is due to a delay in the receipt and processing of two invoices for third-party software program maintenance fees. Subsequently, charges posted later than originally anticipated.

- **Big Bend Gypsum Storage Facility:** The Big Bend Gypsum

Storage Facility project variance is $102,489, or 47.6 percent less than projected. The variance is due to less facility yard maintenance being required than projected.

- **Coal Combustion Residuals (CCR) Rule - Phase I:** The Coal Combustion Residuals (CCR) Rule – Phase I project variance is $3,085, or 100 percent more than projected. This variance is due to an unexpected stormwater event causing a small amount of CCRs from the Coalfield Runoff Pond to fill unlined stormwater ditches in the area requiring removal and disposal of the material.

- **Big Bend ELG Compliance:** The Big Bend ELG Compliance project variance is $50,000, or 100 percent less than projected. This variance is due to project schedule delays. O&M expenses will occur later than originally projected.

- **Big Bend Unit 1 Sec. 316(b) Impingement Mortality:** The Big Bend Unit 1 Sec. 316(b) Impingement Mortality project variance is $50,000, or 100 percent less than projected. This variance is due to minimal system maintenance required. O&M expenses will occur later than originally projected.

- **Big Bend NESHAP Subpart YYYY Compliance:** The Big Bend NESHAP Subpart YYYY Compliance project variance is \$45,000, or 100 percent less than projected. This variance is due to testing being performed on-site with plant personnel, instead of engaging a third-party vendor.

- **Renewable Energy Credits:** The net revenue from the sale of Renewable Energy Credits ("RECs") creates a variance of \$3,425,047, 100.0 percent greater than projected. This activity was not included in the actual/estimated projection.

Capital Investment Project Variances

There were no substantial cost variances related to capital investment projects.

Q. Does this conclude your testimony?

A. Yes, it does.

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240007-EI
IN RE: TAMPA ELECTRIC'S ENVIRONMENTAL
COST RECOVERY

ACTUAL/ESTIMATED TRUE-UP
JANUARY 2024 THROUGH DECEMBER 2024

TESTIMONY AND EXHIBIT

OF

ZEL D. JONES

FILED: JULY 26, 2024

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

ZEL D. JONES

Q. Please state your name, address, occupation, and employer.

A. My name is Zel D. Jones. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") in the position of Manager, Rates in the Regulatory Affairs department.

Q. Please provide a brief outline of your educational background and business experience.

A. I received a Bachelor of Science degree in Civil Engineering with a concentration in Environmental Science from Tennessee State University in 2000, and I received a Master of Business degree from City University of Seattle in 2006. I joined Tampa Electric in 2011 as the Environmental and Water Systems Engineer at the Big Bend Power Station in Apollo Beach, Florida. In December 2019, I joined the Outage & Project Management ("O&PM") Department as a Project

Engineer. I became a Project Manager within the same department in 2020 and managed capital projects for Big Bend and Bayside Power Stations. In 2022, I became the Capital Program Lead at Bayside Power Station – overseeing the capital program budget. I joined the Regulatory Affairs Department in October 2023 as a Manager, Rates. My current duties entail managing cost recovery for fuel and purchased power, interchange sales, capacity payments, and approved environmental projects. I have over 13 years of electric utility experience in power plant operations, operational environmental compliance (including development and execution of approved Environmental Clause Recovery Clause projects), and large capital project and program management.

Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to present, for Commission review and approval, the calculation of the January 2024 through December 2024 actual/estimated true-up amount to be refunded through the Environmental Cost Recovery Clause ("ECRC") during the period January 2025 through December 2025. My testimony addresses the recovery of capital and operations and maintenance ("O&M") costs associated with environmental compliance activities for

2024, based on six months of actual data and six months of estimated data. This information will be used in the determination of the environmental cost recovery factors for January 2025 through December 2025.

Q. Have you prepared an exhibit that shows the recoverable environmental costs for the actual/estimated period of January 2024 through December 2024?

A. Yes, Exhibit No. ZDJ-2 was prepared under my direction and supervision. Document No. 1 contains nine schedules, Forms 42-1E through 42-9E, which show the current period actual/estimated true-up amount to be used in calculating the cost recovery factors for January 2025 through December 2025.

Q. What has Tampa Electric calculated as the actual/estimated true-up for the current period to be applied during the period January 2025 through December 2025?

A. The actual/estimated true-up applicable for the current period, January 2024 through December 2024, is an over-recovery of $3,297,632. A detailed calculation supporting the true-up amount is shown on Forms 42-1E through 42-9E of my exhibit.

Q. Is Tampa Electric including costs in the actual/estimated true-up filing for any new environmental projects that were not anticipated and included in its 2024 ECRC factors?

A. No.

Q. Is Tampa Electric including any other adjustments in this 2024 actual/estimated true-up?

A. Yes, there are three adjustments. First, Tampa Electric included a small adjustment of $5 as a result of an immaterial prior year adjustment in 2023 that decreased depreciation expense. Second, the company reclassified some costs from base rates to the ECRC. More specifically, third-party testing and equipment maintenance expenditures were initially assigned to the base rate operations and maintenance expense for the Big Bend 4 CT generating unit in error in 2023. Subsequently, these expenses were reclassified to the Big Bend NESHAP Subpart YYYY project. The cumulative impact of the reclass on the ECRC activity for 2024, is an increase of $18,940. Third, Tampa Electric included revenues from the sale of Tampa

Electric's Renewable Energy Certificates ("RECs") in 2024. These revenues are outlined on Document Nos. Form 42-4E and 42-5E. Tampa Electric sells its RECs in the voluntary market in accordance with the company's 2021 Settlement Agreement, in Docket No. 20210034-EI, and approved by Commission Order No. PSC-2021-0423-S-EI, issued November 10, 2021. The estimated revenues associated with the RECs sales for the January 2024 through December 2024 period are $3,633,177.

Q. What depreciation rates were utilized for the capital projects contained in the 2024 actual/estimated true-up?

A. Tampa Electric utilized the depreciation rates approved in Order No. PSC-2021-0423-S-EI, issued on November 10, 2021, in Docket No. 20210034-EI.

Q. What capital structure components and cost rates did Tampa Electric rely on to calculate the revenue requirement rate of return for January 2024 through December 2024?

A. Tampa Electric's midpoint Return on Equity ("ROE") is 10.20 percent as approved by Commission Order No. PSC-2022-0322-FOF-EI, issued on September 12, 2022, in Docket No. 20220122-EI.

Q. Have there been any changes regarding the calculation of revenue requirement Rate of Return?

A. No.

Q. How did the actual/estimated project expenditures for the January 2024 through December 2024 period compare with the company's projections?

A. As shown on Form 42-4E, total O&M costs are expected to be $2,522,778 less than projected. The total capital expenditures itemized on Form 42-6E, are expected to be $318,503 less than projected. Significant variances for O&M costs and capital project amounts are explained below.

O&M Project Variances

O&M expense projections related to planned maintenance work are typically spread across the period in question. However, the company always inspects the units to ensure that maintenance is needed, before beginning work. The need varies according to the actual usage and associated "wear and tear" on the units. If inspection indicates that the maintenance is not yet needed or if additional work is needed, then the company will have a variance compared to the projection. When inspections indicate that work is not needed now, that maintenance expense will be incurred in a future period when warranted by the condition of the unit.

- **SO_2 Emissions Allowances:** The SO_2 Emissions Allowances project variance is estimated to be $40 or 540.5 percent greater than projected. The variance is due to an actual gain on SO_2 auction allowance proceeds of $40, which was not originally anticipated.

- **Big Bend PM Minimization & Monitoring:** The Big Bend PM Minimization & Monitoring project variance is estimated to be $143,066 or 45.9 percent less than projected. The variance is due to past over payments for the Continuous Emissions Monitors ("CEMs") maintenance contract. The contract was updated for 2024 and the overpayments were applied to services rendered the first half of 2024.

- **Bayside SCR Consumables:** The Bayside Selective Catalytic Reduction ("SCR") Consumables variance is $93,269 or 30.7 percent less than projected. The variance is due to an extended major outage on Unit 2 Steam Turbine ("ST") and Combustion Turbine ("CT") machines during first quarter and second quarter of 2024. The outage led to less generation and lowered the need for consumables.

- **Clean Water Act Section 316(b) Phase II Study:** The Clean Water Act Section 316(b) Phase II Study project variance is $5,000 or 100 percent less than projected. The variance is due to a delay in completion of the Phase I project; specifically, the installation and operation of the fish return lines. The Phase II study cannot be completed until Phase I is complete.

- **Big Bend Unit 4 SCR:** The Big Bend Unit 4 SCR project variance is $974,777 or 125.0 percent greater than projected. The variance is due to findings discovered during the Spring 2024 outage that the sonic horns needed to be replaced. Sonic horns are within the SCR and use sonic sound waves to prevent particulate from remaining on the surfaces, which aid in proper operation and performance of the SCR. The cost includes labor to replace and purchase new sonic horns.

- **Mercury Air Toxics Standards:** The Mercury Air Toxics Standards ("MATS") project variance is $2,109 or 210.9 percent greater projected. The variance is due to the unplanned vendor costs to service and calibrate the mercury analytical equipment.

- **Greenhouse Gas Reduction Program:** The Greenhouse Gas

Reduction Program variance is $6,013 or 24.1 percent less than projected. The variance is due to timing as required compliance activities are completed quarterly, with the last two invoices paid at the end of the year. The current variance will be resolved when the last two invoices are paid.

- **Big Bend Gypsum Storage Facility:** The Big Bend Gypsum Storage Facility project variance is $58,070 or 24.2 percent less than projected. The variance is due to a reduction in coal generation, compared to the original projection. Therefore, reducing gypsum production, gypsum storage operation, and maintenance required.

- **Big Bend ELG Compliance:** The Big Bend Effluent Limitation Guidelines ("ELG") Compliance project variance is $540,000 or 900.0 percent greater than projected. The variance is due to the additional costs required to meet operational constraints such as removing large solids from the feed water source ponds and changing cartridge filters more frequently due to pluggage, which limits water flow and temporarily delays the injection process.

- **Big Bend Unit 1 316(b) Impingement Mortality:** The Big Bend Unit 1 316(b) Impingement Mortality project variance is $120,000, or 50.0 percent less than projected. The variance is due to the new system requiring less operating and maintenance costs than projected.

- **Big Bend NESHAP Subpart YYYY Compliance:** The Big Bend NESHAP Subpart YYYY Compliance project variance is $18,940, or 126.3 percent greater than projected. The variance is due to the reclass of 2023 contractor testing costs in calendar year 2024.

- **Renewable Energy Credits:** The net revenue from the sale of Renewable Energy Credits ("RECs") creates a variance of $3,633,177, 100.0 percent greater than projected. This activity was not included in the projection.

<u>Capital Project Variances</u>

- **Big Bend ELG Compliance:** The Big Bend ELG Compliance project variance is $132,999 or 3.9 percent greater than projected. The variance is due to delays in 2023, pushing the completion of the water treatment on the long term flyash pumps 6A and 6B into 2024. Additionally, the project experienced supply chain delays in 2023 of the super duplex valves needed for the project, pushing installation costs into 2024.

C7-644

- **Big Bend Unit 1 Section 316(b) Impingement Mortality:** The Big Bend Unit 1 Section 316(b) Impingement Mortality project variance is $206,016 or 14 percent less than projected. The variance is due to the retirement of the old screen and organism return equipment, which reduced the amount of depreciation calculated for the in-service equipment.

- **Bayside 316(b)Compliance:** The Bayside 316(b) Compliance project variance is $295,072 or 15.7 percent less than projected. The variance is due to a delay in project completion resulting from performance issues with the Unit 2 traveling screens.

Q. Does this conclude your direct testimony?

A. Yes, it does.

C7-645

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240007-EI

IN RE: TAMPA ELECTRIC'S ENVIRONMENTAL COST RECOVERY

PROJECTION

JANUARY 2025 THROUGH DECEMBER 2025

TESTIMONY AND EXHIBIT

OF

ZEL D. JONES

FILED: AUGUST 30, 2024

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

ZEL D. JONES

Q. Please state your name, address, occupation, and employer.

A. My name is Zel D. Jones. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") in the position of Manager, Rates in the Regulatory Affairs Department.

Q. Have you previously filed testimony in Docket No. 20240007-EI?

A. Yes, I submitted direct testimony on April 01, 2024, and July 26, 2024.

Q. Has your job description, education, or professional experience changed since you last filed testimony?

A. No, it has not.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present, for Commission review and approval, the calculation of the revenue requirements and the projected Environmental Cost Recovery Clause ("ECRC") factors for the period of January 2025 through December 2025. The projected ECRC factors have been calculated based on the current allocation methodology using the 2021 settlement agreement that was approved within Docket No. 20210034-EI, shown in Exhibit No. ZDJ-3. Exhibit ZDJ-4 reflects Tampa Electric's request in its Petition for Rate Increase, filed in Docket No. 20240026-EI. In support of the projected ECRC factors, my testimony identifies the capital and operating & maintenance ("O&M") costs associated with environmental compliance activities for the year 2025.

Q. Have you prepared any exhibits that show the determination of recoverable environmental costs for the period of January 2025 through December 2025?

A. Yes. This information is set out in Exhibit Nos. ZDJ-3 and ZDJ-4, which each contain eight documents and were prepared under my direction and supervision. Exhibit No. ZDJ-3, document Nos. 1 through 8 contain Forms 42-1P

C7-677

through 42-8P, which show the calculation and summary of the O&M and capital expenditures that support the development of the environmental cost recovery factors for 2025 using the 2021 settlement agreement methodology that was approved within Docket No. 20210034-EI. Exhibit No. ZDJ-4, document Nos. 1 through 8 contain Forms 42-1p through 42-8p, which show the calculation and summary of the O&M and capital expenditures that support the development of the environmental cost recovery factors for 2025 using the proposed methodology if the Commission approves Tampa Electric's 2024 petition for rate increase in Docket No. 20240026-EI.

Q. Are you requesting Commission approval of the projected environmental cost recovery factors for the company's various rate schedules?

A. Yes. The company requests approval of the ECRC factors provided in Exhibit No. ZDJ-3, Document No. 7, on Forms 42-7P. The factors were prepared under my direction and supervision. These annualized factors will apply for the period January 2025 through December 2025. Should the Commission approve Tampa Electric's Petition for Rate Increase, as filed in Docket No. 20240026-EI, Tampa Electric requests approval of the ECRC factors provided

C7-678

in Exhibit No. ZDJ-4.

Q. How were the environmental cost recovery clause factors calculated?

A. The 2025 environmental cost recovery factors, as detailed in Exhibit No. ZDJ-3, were calculated based on the current approved cost allocation methodology and equity ratio as set out in the 2021 Stipulation and Settlement Agreement ("2021 Agreement"), approved in Order No. PSC-2021-0423-S-EI and issued on November 10, 2021, in Docket No. 20210034-EI.

Tampa Electric filed on April 2, 2024, a petition for rate increase which, amongst other things, requests a proposed Return on Equity ("ROE") and depreciation rates. As a result, the 2025 environmental cost recovery factors in Exhibit No. ZDJ-4 are calculated using the weighted average cost of capital ("WACC") that reflects the proposed ROE and depreciation rates.

Q. What are the 2021 settlement methodology and proposed methodology baseline amounts that Tampa Electric is using to compare its 2025 total revenue requirement?

A. Tampa Electric's current approved baseline, as filed in its October 1, 2021, Stipulation and Settlement Agreement filing for its proposed 2025 ECRC cost recovery factors, is $27,891,196. To calculate the proposed factors presented in Exhibit ZDJ-4, Tampa Electric is not using the 2021 settlement agreement methodology, therefore a baseline calculation is not necessary.

Q. What did Tampa Electric calculate as its 2025 revenue requirement in Exhibit ZDJ-3 and how does that compare against the 2021 baseline amount?

A. Tampa Electric's 2025 revenue requirement is $12,103,910, based on the 2021 Stipulation and Settlement Agreement methodology. This amount was compared to the 2021 baseline amount of $27,891,196, resulting in an incremental amount of ($15,787,286). In accordance with the 2021 settlement agreement, since the increment is negative, no changes to the allocation methodology will be made in allocating revenues by class for the 2025 projected period.

Q. What has Tampa Electric calculated as the net true-up to be applied in the period January 2025 to December 2025?

A. The net true-up applicable for this period is an over-

C7-680

recovery of $7,500,900. This consists of a final true-up over-recovery of $4,203,268 for the period of January 2023 through December 2023 and an estimated true-up over-recovery of $3,297,632 for the current period of January 2024 through December 2024. The detailed calculation supporting the estimated net true-up was provided on Forms 42-1E through 42-9E of Exhibit No. ZDJ-2 filed with the Commission on July 26, 2024.

Q. Did Tampa Electric include any new environmental compliance projects for ECRC cost recovery for the period of January 2025 through December 2025?

A. Yes. Tampa Electric included costs for a new environmental project, known as the Bayside 316(a) Thermal Variance Study, in its factors presented in this testimony. This new project is described in witness Byron Burrows' testimony presented in this filing.

Q. What are the capital projects included in the calculation of the ECRC factors for 2025?

A. Tampa Electric proposes to include, for ECRC recovery, costs for 19 previously approved capital projects in the calculation of the 2025 ECRC factors. These projects are listed below.

1) Big Bend Unit 3 Flue Gas Desulfurization ("FGD") Integration
2) Big Bend Unit 4 Continuous Emissions Monitors ("CEMs")
3) Big Bend Section 114 Mercury Testing Platform
4) Big Bend Units 1 and 2 FGD
5) Big Bend FGD Optimization and Utilization
6) Big Bend Particulate Matter ("PM") Minimization and Monitoring
7) Polk NO_x Emissions Reduction
8) Big Bend Unit 4 Separated Overfired Air ("SOFA")
9) Big Bend Unit 4 Selective Catalytic Reduction ("SCR")
10) Big Bend FGD System Reliability
11) Mercury Air Toxics Standards ("MATS")
12) SO_2 Emission Allowances
13) Big Bend Gypsum Storage Facility
14) Big Bend Coal Combustion Residuals ("CCR") Rule (CCR Rule - Phase I)
15) Coal Combustion Residuals (CCR Rule - Phase II)
16) Big Bend Effluent Limitations Guidelines ("ELG") Rule Compliance
17) Big Bend Unit 1 Section 316(b)Impingement Mortality
18) Bayside 316(b) Compliance

19) Big Bend NESHAP Subpart YYYY Compliance

Q. Have you prepared schedules showing the calculation of the recoverable capital project costs for 2025?

A. Yes. Form 42-3P contained in Exhibit Nos. ZDJ-3 and ZDJ-4 summarizes the cost estimates for these projects. Exhibit No. ZDJ-3, Form 42-4P, pages 1 through 19, provides the calculations resulting in recoverable jurisdictional capital costs of $21,519,994. Exhibit No. ZDJ-4, Form 42-4P, pages 1 through 19, provides the calculations resulting in recoverable jurisdictional capital costs of $25,114,964; using the proposed WACC and depreciation rates should the Commission approve Tampa Electric's 2024 petition for rate increase in Docket No. 20240026-EI.

Q. What O&M projects are included in the calculation of the ECRC factors for 2025?

A. Tampa Electric proposes to include, for ECRC recovery, O&M costs for 24 projects in the calculation of the ECRC factors for 2025. These projects are listed below.

1) Big Bend Unit 3 FGD Integration

2) SO_2 Emission Allowances

3) Big Bend Units 1 and 2 FGD
4) Big Bend PM Minimization and Monitoring
5) National Pollutant Discharge Elimination System ("NPDES") Annual Surveillance Fees
6) Gannon Thermal Discharge Study
7) Polk NO_x Emissions Reduction
8) Bayside SCR Consumables
9) Big Bend Unit 4 Separated Overfired Air ("SOFA")
10) Clean Water Act Section 316(b) Phase II Study
11) Arsenic Groundwater Standard Program
12) Big Bend Unit 3 SCR
13) Big Bend Unit 4 SCR
14) Mercury Air Toxics Standards
15) Greenhouse Gas Reduction Program
16) Big Bend Gypsum Storage Facility
17) Big Bend Coal Combustion Residual Rule (CCR Rule - Phase I)
18) Big Bend ELG Rule Compliance
19) CCR Rule - Phase II
20) Big Bend Unit 1 Section 316(b) Impingement Mortality
21) Bayside 316(b) Compliance
22) Big Bend NESHAP Subpart YYYY Compliance
23) Renewable Energy Credits
24) Bayside 316(a) Thermal Variance Study

Q. Have you prepared a schedule showing the calculation of the recoverable O&M project costs for 2025?

A. Yes. Form 42-2P contained in Exhibit Nos. ZDJ-3 and ZDJ-4 presents the recoverable jurisdictional O&M costs for these projects, which total $1,925,440 for 2025.

Q. Did you prepare a schedule providing the description and progress reports for all environmental compliance activities and projects?

A. Yes. Project descriptions and progress reports are provided in Exhibit Nos. ZDJ-3 and ZDJ-4, Form 42-5P, pages 1 through 25.

Q. What are the total projected jurisdictional costs for environmental compliance in the year 2025?

A. The total jurisdictional O&M and capital expenditures to be recovered through the ECRC are calculated on Form 42-1P of Exhibit Nos. ZDJ-3 and ZDJ-4. These expenditures total $12,103,910 and $21,012,082, respectively.

Q. How were environmental cost recovery factors calculated?

A. The environmental cost recovery factors were calculated as shown on Schedules 42-6P and 42-7P. The demand and energy allocation factors were determined by calculating the percentage that each rate class contributes to the total demand or energy and then adjusted for line losses for each rate class. This information was calculated by applying historical rate class load research to 2024 projected system demand and energy. Form 42-7P presents the calculation of the proposed ECRC factors by rate class.

Q. What are the ECRC billing factors for the period January 2025 through December 2025 for which Tampa Electric is seeking approval?

A. The computation of the billing factors is shown in Exhibit Nos. ZDJ-3 and ZDJ-4, Document No. 7, Form 42-7P. The proposed ECRC billing factors are summarized below.

Proposed Factors as reflected in Exhibit ZDJ-3

Rate Class	**Factors by Voltage Level (¢/kWh)**
RS Secondary	0.063
GS, CS Secondary	0.060
GSD/GSDT, SBD/SBDT, GSD Optional	

C7-686

Secondary	0.056
Primary	0.056
Transmission	0.055
GSLDPR/GSLDTPR/SBLDPR/SBLDTPR	0.048
GSLDSU/GSLDTSU/SBLDPR/SBLDTPR	0.051
LS1, LS2	0.038
Average Factor	0.059

Proposed Factors as reflected in Exhibit ZDJ-4

Rate Class	**Factors by Voltage Level (¢/kWh)**
RS Secondary	0.107
GS, CS Secondary	0.104
GSD/GSDT, SBD/SBDT, GSD Optional	
Secondary	0.099
Primary	0.098
Transmission	0.097
GSLDPR/GSLDTPR/SBLDPR/SBLDTPR	0.090
GSLDSU/GSLDTSU/SBLDPR/SBLDTPR	0.092
LS1, LS2	0.080
Average Factor	0.102

Q. When does Tampa Electric propose to begin applying these environmental cost recovery factors?

C7-687

A. The environmental cost recovery factors will be effective concurrent with the first billing cycle for January 2025.

Q. What capital structure components and cost rates did Tampa Electric rely on to calculate the revenue requirement rate of return for January 2025 through December 2025?

A. To calculate the revenue requirement rate of return found on Form 42-8P, Tampa Electric used the WACC methodology approved by the Commission in Order No. PSC-2020-0165-PAA-EU, approving Amended Joint Motion Modifying Weighted Average Costs of Capital Methodology, issued on May 20, 2020.

Q. Are the costs Tampa Electric is requesting for recovery through the ECRC for the period beginning in January 2025 consistent with the criteria established for ECRC recovery in Order No. PSC-1994-0044-FOF-EI?

A. Yes. The costs for which ECRC recovery is requested meet the following criteria:

1) Such costs were prudently incurred after April 13, 1993;
2) The activities are 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 were based; and,

3) Such costs are not recovered through some other cost recovery mechanism or through base rates.

Q. Please summarize your direct testimony.

A. My testimony supports the approval of an average ECRC billing factor of 0.059 cents per kWh, includes the projected capital and O&M revenue requirements of $12,103,910 as reflected in Exhibit No. ZDJ-3 and 0.102 cents per kWh, which includes projected capital and O&M revenue requirements of $21,012,082, as reflected in ZDJ-4. My testimony also explains that the projected environmental expenditures for 2025 are appropriate for recovery through the ECRC.

Q. Does this conclude your testimony?

A. Yes, it does.

(Whereupon, prefiled direct testimony of Byron T. Burrows was inserted.)

TECO
TAMPA ELECTRIC
AN EMERA COMPANY

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240007-EI

ENVIRONMENTAL COST RECOVERY FACTORS

PROJECTIONS

JANUARY 2025 THROUGH DECEMBER 2025

TESTIMONY
OF
BYRON T. BURROWS

FILED: AUGUST 30, 2024

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

BYRON T. BURROWS

Q. Please state your name, address, occupation, and employer.

A. My name is Byron T. Burrows. My business address is 702 North Franklin Street, Tampa, Florida 33602. I am employed by Tampa Electric Company ("Tampa Electric" or "company") as Director, Environmental Services Department.

Q. Please provide a brief outline of your educational background and business experience.

A. I received a Bachelor of Science degree in Civil Engineering from the University of South Florida in 1995. I have been a Registered Professional Engineer in the state of Florida since 1999. Prior to joining Tampa Electric, I worked in environmental consulting for sixteen years. In January 2001, I joined TECO Power Services as Manager-Environmental with primary responsibility for all power plant environmental permitting, and I have primarily worked in the areas of environmental, health, and safety. In 2005, I became Manager of Air Programs. My responsibilities included air permitting and compliance related matters. In 2020, I was promoted to my current position. My responsibilities include the development and administration of the company's environmental policies and goals. I am also responsible for ensuring resources, procedures, and programs comply with applicable environmental requirements, and that rules and policies are in place, function properly, and are consistently applied throughout the company.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to demonstrate that the activities for which Tampa Electric seeks cost recovery through the Environmental Cost Recovery Clause ("ECRC") for the January 2025 through December 2025 projection period are activities related to programs previously approved by the Commission for recovery through the ECRC and also consistent with Tampa Electric's 2021 base rate settlement agreement approved in Order No. PSC-2021-0423-S-EI and issued on November 10, 2021, in Docket No. 20210034-EI ("2021 Agreement").

Q. Please provide an overview of the environmental compliance requirements of the Clean Air Act, Title V Operating Permit for the Big Bend Station that are recoverable through the ECRC.

A. The Big Bend plant is required to obtain and operate in accordance with a comprehensive air permit that incorporates all applicable air quality requirements including federal, state, and local regulations. This permit is known as a "Title V Operating Permit." Environmental Compliance Requirements of the Clean Air Act, Title V Operating permit (0570039-155-AV) for the Big Bend Station provide for reductions of sulfur dioxide ("SO_2"), particulate matter ("PM") and nitrogen oxides ("NO_x") emissions at the Station. The projects that are required under the current operating permit and are currently being recovered through the ECRC are listed below.

- Big Bend Particulate Matter ("PM") Minimization Program
- Big Bend Unit 3 Selective Catalytic Reduction ("SCR") Project (operating and maintenance ("O&M") only)
- Big Bend Unit 4 SCR Project

In accordance with the 2021 Agreement, Tampa Electric removed certain assets related to Big Bend Units 1, 2, and 3 from the ECRC and transferred them into the company's Clean Energy Transition Mechanism ("CETM"), effective January 1, 2022. The Title V projects associated with those assets include the following: Big Bend Units 1-3 Pre-SCRs, Big Bend 1-3 SCRs, Big Bend NO_x Emission Reduction, and a portion of Big Bend PM Minimization Program. Big Bend Unit 3 SCR has not incurred O&M expenditures since its retirement in May 2023.

Q. Please describe the Big Bend PM Minimization and Monitoring program activities and provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. The Big Bend PM Minimization and Monitoring Program was approved by the Commission in Docket No. 20001186-EI, Order No. PSC-2000-2104-PAA-EI, issued November 6, 2000. In the order, the Commission found that the program met the requirements for recovery through the ECRC. Tampa Electric had previously identified various projects to improve precipitator performance and reduce PM emissions as required by the Orders. Tampa Electric does not anticipate any capital expenditures for this program during 2025; however, the O&M expenditures associated with Best Operating Practice and Procedures ("BOP") and Best Available Control Technology ("BACT") equipment are expected to be $321,360.

Q. Please describe the Big Bend Unit 3 SCR project and provide estimated O&M expenditures for the period of January 2025 through December 2025.

A. The Big Bend Unit 3 SCR project was approved by the Commission in Docket No. 20041376-EI, Order No. PSC-2005-0502-PAA-EI, issued May 9, 2005. The SCR for Big Bend Unit 3 was placed in service in July 2008 and was retired along with Big Bend Unit 3 in May 2023. To that end, there are no O&M expenditures projected for the period of January 2025 through December 2025.

Q. Please describe the Big Bend Unit 4 SCR project and provide estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. The Big Bend Unit 4 SCR project was approved by the Commission in Docket No. 20040750-EI, Order No. PSC-2004-0986-PAA-EI, issued October 11, 2004. The SCR project at Big Bend Unit 4 encompasses the design, procurement, installation, and annual O&M expenditures associated with an SCR system for the generating unit. The SCR for Big Bend Unit 4 was placed in service in May 2007.

Tampa Electric does not anticipate any capital expenditures for this program during 2025; however, the O&M expenditures are projected to be $803,400 for Big Bend Unit 4 SCR. These expenses are primarily associated with ammonia purchases and maintenance.

Q. Are there other retiring Big Bend projects that will no longer be recovered through the ECRC; but through the CETM (consistent with the 2021 Settlement Agreement), and have they been removed from consideration in this filing?

A. Yes. In accordance with the 2021 Settlement, certain Big Bend Units 1-3 assets were retired and removed in 2022 and recovery of expenditures related thereto have not been included in this ECRC filing since that time. Other Big Bend 1-3 assets, retired in 2023, include the following projects: Big Bend Units 1 and 2 Flue Gas Conditioning, Big Bend Units 1 and 2 Classifier Replacements, and certain assets of both Big Bend FGD Optimization and Utilization and Mercury Air Toxics Standards. These assets have also been removed and will not be included in this ECRC filing, nor will they be included in any future ECRC filing.

Q. Please identify and describe the other Commission-approved programs that you will discuss.

A. The programs previously approved by the Commission and included for expenditure recovery in this filing, that I will discuss, include the following projects:

1) Big Bend Unit 3 Flue Gas Desulfurization ("FGD") Integration
2) Big Bend Units 1 and 2 FGD
3) Gannon Thermal Discharge Study
4) Bayside SCR Consumables
5) Clean Water Act Section 316(b) Phase II Study
6) Big Bend Unit 1 Section 316(b) Impingement Mortality
7) Bayside Section 316(b) Compliance
8) Big Bend FGD System Reliability
9) Arsenic Groundwater Standard
10) Mercury and Air Toxics Standards ("MATS")
11) Greenhouse Gas ("GHG") Reduction Program
12) Big Bend Gypsum Storage Facility
13) Coal Combustion Residuals ("CCR") Rule - Phase I and II

14) Big Bend Effluent Limitations Guidelines ("ELG") Rule Compliance

15) Big Bend NESHAP Subpart YYYY Compliance

Q. Please describe the Big Bend Unit 3 Flue Gas Desulfurization ("FGD") Integration, the Big Bend Units 1 and 2 FGD activities; and, provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. The Big Bend Unit 3 FGD Integration program was approved by the Commission in Docket No. 19960688-EI, Order No. PSC-1996-1048-FOF-EI, issued August 14, 1996. The Big Bend Units 1 and 2 FGD program was approved by the Commission in Docket No. 19980693-EI, Order No. PSC-1999-0075-FOF-EI, issued January 11, 1999. In these orders, the Commission found that the programs met the requirements for recovery through the ECRC. The programs were implemented to meet the SO_2 emission requirements of the Phase I and II Clean Air Act Amendments ("CAAA") of 1990.

The company does not anticipate any capital or O&M expenditures during the period of January 2025 through December 2025 for the Big Bend Unit 3 FGD Integration project or the Big Bend Units 1 & 2 FGD project remaining assets.

Q. Please describe the Gannon Thermal Discharge Study program activities and provide the estimated O&M expenditures for the period of January 2025 through December 2025.

A. The Gannon Thermal Discharge Study program was approved by the Commission in Docket No. 20010593-EI, Order No. PSC-2001-1847-PAA-EI, issued September 14, 2001. In that order, the Commission found that the program met the requirements for recovery through the ECRC. Tampa Electric does not anticipate any O&M expenditures for this program.

Q. Will Bayside Power Station be required to complete a thermal variance study under the Clean Water Act Section 316(a)?

A. Yes. Bayside Power Station is required to complete a thermal variance study under its new National Pollutant Discharge Elimination System ("NPDES") Permit issued December 2022. The new permit required the submittal of a plan of study by December 2023 for the completion of a new thermal study, and implementation of the plan within 24 months of the FDEP's approval of the plan. A cost estimate for the thermal study has been developed in conjunction with the 2023 plan of study. Tampa Electric estimated the study will cost $137,500. Tampa Electric is requesting recovery of this project and that the recovery be included in the company's 2025 ECRC factors.

Q. Please describe the Bayside SCR Consumables program activities and provide the estimated O&M expenditures for the period of January 2025 through December 2025.

A. The Bayside SCR Consumables program was approved by the Commission in Docket No. 20021255-EI, Order No. PSC-2003-0469-PAA-EI, issued April 4, 2003. For the period of January 2025 through December 2025, Tampa Electric projects O&M expenditures associated with the consumable goods, primarily anhydrous ammonia, to be approximately $312,890.

Q. Please describe the Clean Water Act Section 316(b) Phase II Study Program activities and provide the estimated O&M expenditures for the period of January 2025 through December 2025.

A. The Clean Water Act Section 316(b) ("Section 316(b)") Phase II Study program was approved by the Commission in Docket No. 20041300-EI, Order No. PSC-2005-0164-PAA-EI, issued February 10, 2005. The final rule adopted under Section 316(b), the Cooling Water Intake Structures ("CWIS") Rule, became effective October 14, 2014. The rule establishes requirements for CWIS at existing facilities. Section 316(b) requires that the location, design, construction, and capacity of CWIS reflect the best technology available ("BTA") for minimizing adverse environmental impacts. Tampa Electric has installed or initiated the installation of measures that are necessary for compliance with the impingement mortality reduction part of the rule for Big Bend Unit 1 and Bayside Units 1 & 2. For Big Bend Units 1 & 4, Tampa Electric will complete the biological, financial, and technical study elements necessary to comply with the rule and submit with the next NPDES permit renewal. These elements will ultimately be used by the regulating authority to determine the necessity of cooling water system retrofits for Big Bend Unit 1 for entrainment reduction and Big Bend Unit 4 for impingement and entrainment reduction.

The estimated Clean Water Act Section 316(b) Phase II Study related O&M expenditures for Big Bend Station and Bayside

Power Station for the period January 2025 through December 2025 are $5,150.

For Big Bend Unit 1, which was repowered to a clean, natural gas-fired combined cycle unit in 2022, Tampa Electric has installed the impingement mortality controls as required by the FDEP operating permit. The Commission approved cost recovery for the Big Bend Unit 1 Section 316(b) Impingement Mortality project in Order No. PSC-2018-0594-FOF-EI, issued on December 20, 2018.

Bayside Power Station has installed and is in the process of commissioning and start-up of traveling screens to reduce impingement mortality to comply with Section 316(b). Tampa Electric's petition filed with the Commission in Docket No. 20210087-EI, was approved by Commission Order No. PSC-2021-0356-PAA-EI, issued on September 15, 2021.

Q. Please describe the Big Bend Unit 1 Section 316(b) Impingement Mortality project activities and provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. The Big Bend Unit 1 Section 316(b) Impingement Mortality project was approved by the Commission in Docket No.

20180007-EI, Order No. PSC-2018-0594-FOF-EI, issued December 20, 2018. In that order, the Commission found that the program met the requirements for recovery through the ECRC and granted Tampa Electric cost recovery for prudently incurred costs. For the period of January 2025 through December 2025, Tampa Electric does not anticipate any capital expenditures for the Big Bend Unit 1 Section 316(b) Impingement Mortality Project and the O&M expenditures are estimated to be $125,000.

Q. Please describe the Bayside Section 316(b) Compliance project activities and provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. The Bayside Section 316(b) Compliance project was approved by the Commission in Docket No. 20210087-EI, Order No. PSC-2018-0356-PAA-EI, issued September 15, 2021. In that order, the Commission found that the program met the requirements for recovery through the ECRC and granted Tampa Electric cost recovery for prudently incurred costs. For the period January 2025 through December 2025, Tampa Electric does not anticipate any capital expenditures for the Bayside Section 316(b)project. Tampa Electric anticipates the O&M expenditures for the Bayside Section 316(b) Compliance

Project to be $550,000 in 2025.

Q. Please describe the Big Bend FGD System Reliability program activities and provide the estimated capital expenditures for the period of January 2025 through December 2025.

A. Tampa Electric's Big Bend FGD System Reliability program was approved by the Commission in Docket No. 20050958-EI, Order No. PSC-2006-0602-PAA-EI, issued July 10, 2006. The Commission granted approval for prudent costs associated with this project. For the period of January 2025 through December 2025, there are no anticipated capital expenditures for this project.

Q. Please describe the Arsenic Groundwater Standard program activities and provide the estimated O&M expenditures for the period of January 2025 through December 2025.

A. The Arsenic Groundwater Standard program was approved by the Commission in Docket No. 20050683-EI, Order No. PSC-2006-0138-PAA-EI, issued February 23, 2006. In that order, the Commission found that the program met the requirements for recovery through the ECRC and granted Tampa Electric cost recovery for prudently incurred costs. This groundwater standard applies to Tampa Electric's Bayside, Big Bend, and Polk Power Stations. A detailed plan of study was submitted to the FDEP, and after reviewing the study, FDEP requested a site wide groundwater evaluation. Tampa Electric submitted the results of this evaluation in 2020 and a proposal for modification of the site groundwater monitoring network to evaluate ongoing compliance. The proposal is under review by FDEP. Once FDEP completes its review, additional O&M expenditures may be incurred if additional monitoring and assessment are required. For the period of January 2025 through December 2025, there are no anticipated O&M expenditures associated with the program.

Q. Please describe the MATS program activities.

A. The MATS program was approved by the Commission in Docket No. 20120302-EI, Order No. PSC-2013-0191-PAA-EI, issued May 6, 2013. In that order, the Commission found that the program met the requirements for recovery through the ECRC and granted Tampa Electric approval for cost recovery of prudently incurred costs. Additionally, the Commission granted the subsumption of the previously approved Clean Air Mercury Rule (CAMR) program into the MATS program.

On February 8, 2008, the Washington D.C. Circuit Court vacated EPA's rule removing power plants from the Clean Air Act list of regulated sources of hazardous air pollutants under Section 112. At the same time, the court vacated the CAMR. On May 3, 2011, the EPA published a new proposed rule for mercury and other hazardous air pollutants according to the National Emissions Standards for Hazardous Air Pollutants section of the Clean Air Act. On February 16, 2012, the EPA published the final rule for MATS. The rule revised the mercury limits and provided more flexible monitoring and record keeping requirements. Additionally, monitoring of acid gases and particulate matter is required. Compliance with the rule began on April 16, 2015. Tampa Electric is currently meeting or exceeding the standards required by the MATS rule for mercury, particulate matter, and acid gases at Polk Power Station and Big Bend Power Station.

Q. Please provide MATS program estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. For the period January 2025 through December 2025, Tampa Electric does not anticipate any capital expenditures under the MATS program. O&M expenditures are projected to be approximately $1,030 for testing requirements and equipment maintenance.

Q. Please describe the Greenhouse Gas ("GHG") Reduction program activities and provide the estimated O&M expenditures for the period of January 2025 through December 2025.

A. Tampa Electric's GHG Reduction program, which was approved by the Commission in Docket No. 20090508-EI, Order No. PSC-2010-0157-PAA-EI, issued March 22, 2010, is a result of the EPA's GHG Mandatory Reporting Rule requiring annual reporting of greenhouse gas emissions. Tampa Electric was required to report greenhouse gas emissions for the first time in 2011. Reporting for the EPA's GHG Mandatory Reporting Rule will continue in 2025. For the period January 2025 through December 2025, O&M expenditures are projected to be approximately $25,750.

Q. Please describe the Big Bend Gypsum Storage Facility activities and provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. The Big Bend Gypsum Storage Facility program was approved

C8-810

by the Commission in Docket No. 20110262-EI, Order No. PSC-2012-0493-PAA-EI, issued September 26, 2012. In that order, the Commission found that the program meets the requirements for recovery through the ECRC. For 2025, Tampa Electric does not anticipate capital expenditures; however, the projected O&M expenditures for this program are expected to be $247,200.

Q. Please describe the company's EPA CCR Rule compliance activities and provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. On April 17, 2015, the EPA issued a final rule to regulate CCR as non-hazardous waste under Subtitle D of the Resource Conservation and Recovery Act ("RCRA"). The rule, which became effective on October 19, 2015, covers all operational CCR disposal facilities, as well as inactive impoundments which contain CCR and liquids. The Big Bend Unit 4 Economizer Ash Ponds, the East Coalfield Stormwater Pond (converted former slag fines pond), and the North Gypsum Stackout Area are regulated under the rule.

The initial phase of the company's CCR compliance was approved by the Commission in Docket No. 20150223-EI, Order No. PSC-2016-0068-PAA-EI, issued February 9, 2016. In that order, the Commission found that the CCR Rule – Phase I program met the requirements for recovery through the ECRC. Incremental ongoing O&M expenditures resulting from the groundwater monitoring program, berm inspections, and general maintenance of regulated units were approved under the Order. In order to determine the best option to remain in compliance with the new rule, the company evaluated whether to continue operation of the regulated CCR units or close them. Tampa Electric chose a combination of closure and retrofit projects to remain in compliance with the CCR Rule, as discussed later in this section.

Two CCR retrofit projects were also approved for Tampa Electric's CCR Rule – Phase I program under Order No. PSC-2016-0068-PAA-EI. These included: 1) removal of remaining residual slag from the East Coalfield Stormwater Runoff Pond and lining the pond to continue operating it as part of the station's stormwater system; and 2) installing secondary stormwater containment facilities and lining drainage ditches for the North Gypsum Stackout Area to make it fully compliant with the rule's requirements.

Phase II of Tampa Electric's CCR Rule program was approved by the Commission in Docket No. 20170168-EI, Order No. 2017-0483-PAA-EI, issued December 22, 2017. In that Order, the Commission found that the Phase II program met the requirements for recovery through the ECRC. Expenses for the Economizer Ash Pond System Closure project, which included removal and offsite disposal of all CCRs and restoration of the area, were approved by the Commission's Order.

The Economizer Ash Pond System Closure began in the fourth quarter of 2018 with initial dewatering and removal of CCR for disposal. Due to the large amount of CCR in the Economizer Ash Ponds that needed to be dewatered and shipped to the landfill, this project continued until completion in late 2021. The East Coalfield Stormwater Runoff Pond (slag pond) closure and retrofit project was originally scheduled to be completed in 2019 but was delayed due to unusually high rainfall amounts throughout that year. As a result, this project was initiated in 2020 and completed in early 2021, in accordance with state regulatory requirements. The North Gypsum Stackout Area Drainage Improvements Project was also delayed to allow for finalization of the engineering and construction scope details, but the final phase of the project is currently underway, with completion expected in 2025.

For the period January 2025 through December 2025, Tampa Electric expects to incur capital expenditures of $78,706 for the CCR Rule Phase I, North Gypsum Stackout Area Drainage Improvements. There are no capital expenditures anticipated for the CCR Rule Phase II projects, and no O&M expenditures anticipated for either CCR Rule Phase I or Phase II for 2025.

Q. Please describe Tampa Electric's ELG Rule activities, both study and compliance related; and provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. On November 3, 2015, the EPA published the final Steam Electric Power Generating ELG Rule, with an effective date of January 4, 2016. The ELG establishes limits for wastewater discharges from FGD processes, fly ash, and bottom ash transport water, leachate from ponds and landfills containing CCR, gasification processes, and flue gas mercury controls. Big Bend Station's FGD system is affected by this rule. The blow-down stream from the FGD system was previously sent to a physical chemical treatment system to remove solids, some metals, and ammonia and adjust pH prior to discharge to Tampa Bay via the once through condenser cooling system water. The regulating authority required compliance with ELG no later than December 31, 2023.

The Big Bend ELG Study Program ("ELG Study") was approved by the Commission in Docket No. 20160027-EI, Order No. PSC-2016-0248-PAA-EI, issued June 28, 2016.

The ELG Study, which was completed in 2018, identified viable technologies to treat the Tampa Electric Big Bend Station combined effluent streams to bring the streams into compliance with the more stringent requirements under the ELG Rule and resulted in the selection of the deep well injection solution.

The Big Bend ELG Compliance project was approved by the Commission in Docket No. 20180007-EI, Order No. PSC-2018-0594-FOF-EI, issued December 20, 2018. In that order, the Commission found that the program met the requirements for recovery through the ECRC and granted Tampa Electric cost recovery for prudently incurred costs.

For the period January 2025 through December 2025, Tampa Electric does not anticipate any capital expenditures,

C8-815

and projects $800,000 in O&M expenditures.

Q. Please describe Tampa Electric's National Emission Standards for Hazardous Air Pollutants ("NESHAP") Subpart YYYY Compliance Project activities and provide the estimated capital and O&M expenditures for the period of January 2025 through December 2025.

A. Tampa Electric's Clean Air Act, NESHAP Subpart YYYY Compliance Project was approved by the Commission in Order No. PSC-2022-0286-PAA-EI issued on July 22, 2022, in Docket No. 20220055-EI. The project is required to comply with the Environmental Protection Agency's ("EPA") formaldehyde emission standard set for stationary, gas-fired combustion turbines. For the period January 2025 through December 2025, Tampa Electric does not anticipate any capital expenditures. The project's O&M expenditures are expected to be $15,450 in 2025.

Q. Does Tampa Electric have any annual environmental costs required by the Florida Administrative Code?

A. Yes. Chapter 62-4.052, Florida Administrative Code, implements the annual regulatory program surveillance fees for wastewater permits; therefore, Tampa Electric's Big

Bend, Polk and Bayside Power Stations are affected by this rule. The annual estimated O&M expenditures for NPDES Annual Surveillance Fees for the three generating plants for the period January 2025 through December 2025 total $35,535.

Q. Are there any new unapproved projects that Tampa Electric will be requesting to be included in its 2025 ECRC factors?

A. Yes. As described above, the O&M expenditures for the Section 316(a) thermal variance study project for Bayside Power Station are expected to be $137,500 in 2025.

Q. Please summarize your testimony.

A. I described ongoing environmental compliance requirements of the Clean Air Act, Title V Operating permit (0570039-155-AV) for the Big Bend Station. I described the progress Tampa Electric has made to achieve the more stringent environmental standards. Big Bend 1-3 retired assets, the balances of which were transferred to the company's CETM in 2022 and 2023 upon retirement, have been excluded from this clause in accordance with the company's 2021 Settlement Agreement. I identified estimated costs, by project, which the company expects to incur in 2025. Additionally, my testimony identified additional projects that are required for Tampa Electric to meet environmental requirements, and I provided the associated 2025 activities and projected expenditures.

Q. Does this conclude your direct testimony?

A. Yes, it does.

CHAIRMAN LA ROSA: Let's go ahead and move to exhibits.

THE WITNESS: Staff has compiled a stipulated Comprehensive Exhibit List, which includes the prefiled exhibits attached to the witnesses' testimony in this case and a number of staff exhibits. The list has been provided to the parties, Commissioners and the court reporter. The list is marked as the first hearing exhibit, and other exhibits should be marked as set forth in the Comprehensive Exhibit List.

CHAIRMAN LA ROSA: Excellent.

THE WITNESS: The exhibits are so marked.

(Whereupon, Exhibit Nos. 1 - 23 were marked for identification.)

MR. FAROOQI: Staff requests that the Comprehensive Exhibit List, marked as Exhibit No. 1, be entered into the record.

CHAIRMAN LA ROSA: Exhibit 1 is, then, entered.

(Whereupon, Exhibit No. 1 was received into evidence.)

MR. FAROOQI: Staff asks that Exhibits 2 through 23 be included in the record.

CHAIRMAN LA ROSA: All right. Exhibits -- are there any -- have all of the parties had an opportunity to review the exhibit list? I am seeing some yeses. Are there objections to the entry of the exhibits in the record?

Seeing none, let's go ahead and show 2 through 23 is now entered.

(Whereupon, Exhibit Nos. 2 - 23 were received into evidence.)

MR. FAROOQI: All right. Since the parties have reached Type 2 stipulations, with the intervenors not objecting to the Commission considering the stipulations on all issues in the case, staff suggests that the Commission may make a bench decision in this docket because the parties agreed to waive post-hearing briefs. Staff is also available for questions.

CHAIRMAN LA ROSA: Okay. Excellent.

So, Commissioners, any thoughts or questions on this docket?

Seeing none, open for a motion.

COMMISSIONER CLARK: Move to approve the stipulations, Mr. Chairman.

COMMISSIONER GRAHAM: Second.

CHAIRMAN LA ROSA: All right. Hearing a motion, and hearing a second.

All those in favor signify by saying yay.

(Chorus of yays.)

CHAIRMAN LA ROSA: Yay.

Opposed no.

(No. response.)

CHAIRMAN LA ROSA: Show that the motion passes.

Any other matters that need to be addressed in the 07 docket?

MR. FAROOQI: All issues, testimony and exhibits having been stipulated to, and all stipulations having been approved by the Commission, staff has no additional matters to address at this time.

CHAIRMAN LA ROSA: Do the parties have any other additional matters?

Seeing none, let's go ahead and, then, move to -- let's close this docket out and let's move to the 07 -- excuse me, the 01 docket. I will give staff a few seconds to move around a little bit and get comfortable.

(Proceedings concluded.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, 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 transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 22nd day of November, 2024.

Debbie R Krick

DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028