

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No: 20180007-EI

Filed: March 5, 2018

**PETITION FOR APPROVAL OF MODIFICATION TO
NATIONAL POLLUTION DISCHARGE ELIMINATION
SYSTEM PERMIT RENEWAL REQUIREMENT PROJECT**

Florida Power & Light Company (“FPL”) hereby petitions the Florida Public Service Commission (“Commission”) for approval of a modification to its approved National Pollution Discharge Elimination System (“NPDES”) Permit Renewal Requirement Project such that prudent costs incurred after the date of this Petition for the modification may be recovered as environmental compliance costs through the Environmental Cost Recovery Clause (“ECRC”).

In support of this Petition, FPL states as follows:

Introduction

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

2. In 2011, this Commission approved the NPDES Permit Renewal Requirement Project to allow recovery of costs incurred to meet NPDES permit requirements for all of FPL’s Florida plants. FPL requests a modification to the NPDES Permit Renewal Requirement Project to allow recovery of costs incurred to meet anticipated NPDES permit conditions and compliance schedules to be imposed on Plant Scherer by the Environmental Protection Division (“EPD”) of Georgia’s Department of Natural Resources.

3. FPL and JEA jointly own Unit 4 at Plant Scherer, located in Georgia. Georgia Power Company (“Georgia Power”) serves as the operator for Unit 4, as it does for the other

three Plant Scherer generating units. Plant Scherer must renew its NPDES permit, and Georgia Power is actively pursuing the renewal. As described in further detail below, testing has revealed that Plant Scherer copper discharges into the Ocmulgee River have a reasonable potential to exceed Georgia's prescribed water quality standards. Georgia Power has determined that the principal source of copper in the discharged water is from copper condenser tubes at each of the four Plant Scherer generating units. Corrosion and erosion of the condenser tubing has resulted in the copper being entrained in cooling tower packing material, which then acts as a secondary source of copper. Accordingly, Georgia Power has embarked on a program to replace the condenser tubes and cooling tower packing material (the latter known as "repacking") at each unit in order to remove these sources of copper. The condenser tubes have already been replaced at Unit 4 as part of normal maintenance actions, and as such, the cost of that replacement is not the subject of this requested project modification. However, the Unit 4 cooling tower packing material has not yet been replaced, and Georgia Power intends to perform the repacking during its next regularly scheduled maintenance outage that is scheduled to commence on March 8, 2018.

4. As demonstrated below, FPL's requested modification to the NPDES Permit Renewal Requirement Project satisfies the three-part test for ECRC eligibility set forth in Order No. PSC-94-0044-FOF-EI.¹

¹ Order No. PSC-94-0044-FOF-EI states:

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

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

NPDES Program

5. The federal Clean Water Act requires all point source discharges to navigable waters from industrial facilities to obtain permits under the NPDES program. 33 U.S.C. § 1342 (2017). This applies to all of FPL's power plants.

6. In 2011, the Commission approved FPL's NPDES Permit Renewal Requirement Project, which authorized cost recovery for activities required to satisfy whole effluent toxicity limits and the Storm Water Pollution Prevention Plan, which were requirements established by the Florida Department of Environmental Protection ("DEP") that were to be effective when FPL's Florida power plants renewed their NPDES permits. Order No. PSC-11-0553-FOF-EI. In 2012 the Commission approved a modification to the NPDES Permit Renewal Requirement Project, authorizing recovery of costs associated with additional permit requirements that were imposed by the Florida DEP for Plant St. Lucie. Order No. PSC-12-0613-FOF-EI.

7. With one exception, all of FPL's power plants are located in Florida and therefore already are part of the NPDES Permit Renewal Requirement Project. The one exception is FPL's ownership interest in Plant Scherer Unit 4 located in Georgia.

8. The Environmental Protection Agency has delegated authority to issue NPDES permits in the state of Georgia to the EPD. Plant Scherer's NPDES permit was issued by the EPD in 2002, was administratively extended in 2006, and is currently in effect but must be renewed. Wastewater discharges from Plant Scherer cannot cause a water body to exceed Georgia's Water Quality Standards ("WQS"). Georgia's long-term ("chronic") WQS standard for copper in the Ocmulgee River is 5 parts per billion ("ppb"), at the terminus of a mixing zone.

9. On January 30, 2018, Plant Scherer submitted an updated NPDES permit renewal application. Included in the application is a table showing the results of recent water quality testing for various outfalls from the Plant. One of the test results showed that the copper

concentration in effluent discharged to the river from cooling tower blowdown and other wastewater has a potential to cause the Plant to exceed the Georgia WQS. Based on the EPD's permitting procedures, FPL and Georgia Power anticipate that EPD will include in the facility's renewed permit a new condition that requires additional monitoring for copper in the effluent, an effluent limit for copper to ensure that the effluent does not cause an exceedance of the Georgia WQS, and a compliance schedule enabling the Plant to meet this limit.

Georgia Power's Plan To Reduce Copper Levels

10. Georgia Power analyzed the source of Plant Scherer's copper discharge and evaluated options for reducing copper concentrations in the discharge. Based on that analysis, Georgia Power determined that the elevated copper levels in the effluent were attributable to two sources: (1) corrosion and erosion of the Plant's copper condenser tubes, and (2) concentration of copper in the cooling tower packing, where copper from the condenser tubes has become entrained. Packing is a medium used in cooling towers to increase the surface area over which cooling water is exposed to air in the tower. Increased surface area allows for maximum contact between the air and the water, which allows for greater heat transfer and lower temperature cooling water being returned to the condenser, resulting in efficient operation of the unit.

11. Georgia Power considered options to attain the necessary reduction in copper discharge from Plant Scherer. Georgia Power selected the most cost-effective, long-term solution, which entails replacing the copper condenser tubes with titanium tubes and replacing the existing packing in the cooling towers with new packing material.

12. Georgia Power already has completed the replacement of the copper condenser tubes in Unit 4 and one additional unit. FPL does not seek to include the costs it incurred for the Unit 4 copper condenser tube replacement as part of this request because (unlike the repacking) replacement of those tubes was needed as part of regular maintenance. Georgia Power plans to

proceed with retubing the condensers and repacking the cooling towers for all four units, in order to ensure that the discharge is protective of the Georgia WQS and remains in compliance with the permit. On February 28, 2018, Georgia Power sent each of the co-owners of the Plant Scherer units, including FPL, a letter outlining its plans for this work.

13. To maximize efficiency, Georgia Power plans to complete the remaining tube replacements and the repacking for all four Plant Scherer units during the next planned outage for each unit. The next outage for Unit 4 is scheduled to begin March 8, 2018. Accordingly, FPL seeks to modify the NPDES Permit Renewal Requirement Project to include repacking and associated monitoring at Scherer Unit 4 because it is a cost-effective approach to meet the reduced copper concentration level reasonably anticipated to be required by the renewed NPDES permit. Indeed, the satisfaction of water quality standards is an issue of great importance to the EPD, Georgia Power, FPL, and JEA. It is therefore reasonable to move forward with these steps now to provide EPD assurance that Plant Scherer's discharge will be protective of the WQS under its renewed NPDES permit.

14. The total estimated cost for repacking at Plant Scherer Unit 4 is \$9 million. Because the NPDES permit renewal process is still in an early stage, FPL is not seeking current ECRC recovery of the Unit 4 repacking costs. Rather, FPL requests approval to recover those costs as follows:

- a. During the period between submission of the NPDES permit application and the EPD's issuance of the NPDES permit, FPL will exclude the costs incurred for repacking at Plant Scherer Unit 4 from the ECRC-recoverable accounts and instead will record those costs in base plant-in-service accounts and include the undepreciated balance in rate base. Any associated O&M

expenses and depreciation expenses would be recorded as base rate recoverable expenses.

- b. If, as anticipated, the renewed NPDES permit for Plant Scherer includes a condition that requires a reduction in copper concentration, FPL will transfer the remaining net book value of all reasonable and prudent capital costs from the base plant-in-service accounts to ECRC-recoverable accounts. In addition, future reasonable and prudent capital and O&M expenses associated with the Unit 4 repacking activity will be recorded in ECRC-recoverable accounts.

15. FPL petitions at this time for approval to add Unit 4 repacking and associated monitoring at Plant Scherer to its currently approved NPDES Permit Renewal Requirement Project because FPL must begin making expenditures immediately in order to complete the repacking during the 2018 outage for Unit 4. FPL asks that the Commission consider this Petition at its regular hearing in this docket, which FPL understands will be scheduled in the fall of 2018. FPL intends to file supporting testimony and exhibits providing additional detail on the Plant Scherer repacking activity in conjunction with its 2017 Final True-Up filing in this docket, which FPL will file April 2, 2018. This will provide ample time for the Commission Staff and all parties to review and conduct discovery regarding the proposed project modification before the November 2018 hearing.

WHEREFORE, FPL respectfully requests that the Commission approve a modification of the NPDES Permit Renewal Requirement Project to include the repacking and associated

monitoring at Plant Scherer Unit 4 as an environmental compliance activity, such that prudent costs incurred for repacking after the date of this petition may be recovered through the ECRC.

Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket No. 20180007-EI

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

by electronic service on this 5th day of March 2018 to the following:

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