BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 140007-EI ORDER NO. PSC-14-0585-PHO-EI ISSUED: October 15, 2014

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 8, 2014, in Tallahassee, Florida, before Commissioner Julie I. Brown, as Prehearing Officer.

APPEARANCES:

JOHN T. BUTLER, MARIA J. MONCADA, and R. WADE LITCHFIELD, ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida 33408-0420 On behalf of Florida Power & Light Company (FPL)

JOHN T. BURNETT, DIANNE M. TRIPLETT, and MATTHEW R. BERNIER, ESQUIRES, Post Office Box 14042, St. Petersburg, Florida 33733-4042; GARY V. PERKO, ESQUIRE, Hopping, Green & Sams, P.A., 119 South Monroe Street, Suite 300, Tallahassee, Florida 32301 On behalf of Duke Energy Florida, Inc. (DEF)

JAMES D. BEASLEY, J. JEFFRY WAHLEN, and ASHLEY M. DANIELS ESQUIRES, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302

On behalf of Tampa Electric Company (TECO)

JEFFREY A. STONE, RUSSELL A. BADDERS, and STEVEN R. GRIFFIN, ESQUIRES, Beggs & Lane, Post Office Box 12950, Pensacola, Florida 32591-2950

On behalf of Gulf Power Company (GULF)

PATRICIA A. CHRISTENSEN and CHARLES REHWINKEL, ESQUIRES, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400 On behalf of the Citizens of the State of Florida (OPC)

JON C. MOYLE, JR., KAREN A. PUTNAL, and VICKI GORDON KAUFMAN, ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida 32312 On behalf of the Florida Industrial Power Users Group (FIPUG)

> JAMES W. BREW and OWEN J. KOPON, ESQUIRES, Brickfield, Burchette, Ritts & Stone, P.C., 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007 On behalf of the White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS)

> GEORGE CAVROS, ESQUIRE, 120 E. Oakland Park Blvd. Ste. 105, Fort Lauderdale, Florida 33334 <u>On behalf of Southern Alliance for Clean Energy (SACE)</u>

> CHARLES MURPHY, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 On behalf of the Florida Public Service Commission (Staff)

> MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Advisor to the Florida Public Service Commission.

PREHEARING ORDER

I. <u>CASE BACKGROUND</u>

As part of the Florida Public Service Commission's (Commission) continuing environmental cost recovery clause proceedings, the Commission has set a hearing in this docket for October 22-24, 2014.

II. <u>CONDUCT OF PROCEEDINGS</u>

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Section 366.8255, Florida Statutes (F.S.). This hearing will be governed by Chapters 366 and 120, F.S., and Chapters 25-6, 25-22 and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S.,

pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

While it is the policy of this Commission for all Commission hearings to be open to the public at all times, the Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary Staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

All witnesses, except FPL witness LaBauve, are excused from the hearing in this docket. The testimony of excused witnesses shall be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and shall be admitted into the record.

When witness LaBauve takes the stand to testify, the attorney calling the witness is directed to ask him to affirm whether he has been sworn. The prefiled testimony of witness LaBauve will be inserted into the record as though read after he has taken the stand and affirmed the correctness of the testimony and associated exhibits. Such testimony remains subject to timely and appropriate objections. Upon insertion of the witness' testimony, exhibits appended thereto may be marked for identification. Witness LaBauve will have the opportunity to orally summarize his testimony at the time he takes the stand, which shall be limited to five minutes.

The witness is reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his answer. After all parties and Staff have had the opportunity to cross-examine the witness, exhibit(s) may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of the witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

Each witness whose name is followed by an asterisk (*) is excused from the hearing.

Witness	Proffered By	<u>Issues #</u>
Direct		
T.J. Keith*	FPL	1-8, 10
R.R. LaBauve	FPL	9, 11
Thomas G. Foster*	DEF	1-8
Mark Hellstern ¹ *	DEF	1
Michael Delowery*	DEF	2-3
Jeffrey Swartz*	DEF	1-3, 11
Patricia Q. West*	DEF	1-3, 11
Corey Ziegler*	DEF	1-3

¹ On August 19, 2014, DEF filed its notice of adoption of the testimony and exhibits of Mr. Mark Hellstern by Mr. Michael Delowery.

Witness	Proffered By	Issues #
Penelope A. Rusk*	TECO	1-8
Paul L. Carpinone*	TECO	3
J. O. Vick*	GULF	1-3
C. S. Boyett*	GULF	1-8

VII. BASIC POSITIONS

- **FPL:** FPL's 2015 Environmental Cost Recovery factors, including the prior period trueups reflected therein, are reasonable and should be approved. The Commission should approve FPL's Supplemental Clean Air Interstate Rule (CAIR)/ Mercury and Air Toxics Standards (MATS) and Clean Air Visibility Rule (CAVR)/ Best Available Retrofit Technology (BART) Filing as reasonable. The Commission also should approve FPL's Waters of the United States ("WOUS") Rulemaking Project for Environmental Cost Recovery.
- **<u>DEF</u>**: None necessary.
- **TECO:** The Commission should approve the compliance programs described in the testimony and exhibits of Tampa Electric Witnesses Rusk and Carpinone for environmental cost recovery. The Commission should also approve Tampa Electric's calculation of its environmental cost recovery final true-up for the period January 2013 through December 2013, the actual/estimated environmental cost recovery true-up for the current period January 2014 through December 2014, and the company's projected ECRC revenue requirement and the company's proposed ECRC factors for the period January 2015 through December 2015.
- **<u>GULF</u>**: It is the basic position of Gulf Power Company that the environmental cost recovery factors proposed by the Company present the best estimate of Gulf's environmental compliance costs recoverable through the Environmental Cost Recovery Clause (ECRC) for the period January 2015 through December 2015 including the true-up calculations and other adjustments allowed by the Commission.
- **<u>OPC</u>**: The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Interveners provide evidence to the contrary.

<u>FIPUG</u>: For a host of reasons, the Commission should deny FPL's request to allow it to recovery advocacy expenses, including lobbying fees and expenses, through the Environmental Cost Recovery Clause.

Legally, this type of recovery is not contemplated by the plain words of the environmental cost recovery statute, s. 366.8255, Florida Statutes. Tellingly, the statute permits the recovery of "Environmental compliance costs" which is defined as all costs or expenses incurred by an electric utility in complying with environmental laws or regulations. (emphasis added). See s. 366.8255(1)(d) F.S. The environmental cost recovery statute authorizes a utility to "submit to the commission a petition describing the utility's proposed environmental compliance activities and projected environmental compliance costs...." (emphasis added). See s. 366.82.55(1)(d) F.S. Put simply, the statute authorizes the recovery from ratepayers of monies spent complying with environmental regulations; it does not authorize the recovery from ratepayers of monies spent complying with environmental rules or regulations that may or may not result in compliance obligations.

Furthermore, using ratepayer monies to pay for lobbyists should be avoided. In utility rate cases, it is FIPUG's understanding that utilities typically place lobbying fees "below the line" and do not seek to have ratepayers fund lobbying efforts. This "below the line" practice should continue, as it avoids the following situation which, hypothetically and potentially, could indeed occur: an overwhelming majority of a utility's customers support a particular legislative initiative; the utility in question opposes the legislative initiative and hires a team of lobbyists to work actively against the legislative initiative; the legislative initiative fails as a result of the advocacy and efforts of the utility lobbying team; the utility pays its lobbying team using ratepayer funds, the same ratepayers who overwhelmingly supported the legislative initiative. This situation should be avoided.

For the reasons set forth above, the Commission should deny FPL's request to recover advocacy expenses through the environmental cost recovery clause. FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies or other relief sought in this proceeding.

- **<u>PCS</u>**: PCS Phosphate generally accepts and adopts the positions taken by the Florida Office of Public Counsel.
- **SACE:** SACE maintains that the respective utilities must satisfy their burden of proof for all monies sought in this proceeding.
- **STAFF:** Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing

for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

<u>ISSUE 1</u>: What are the final environmental cost recovery true-up amounts for the period January 2013 through December 2013?

FPL	\$2,661,563	Over Recovery
DEF	\$3,807,998	Over Recovery
GULF	\$6,645,915	Under Recovery
TECO	\$1,957,072	Over Recovery

Proposed Stipulation

POSITIONS

- **<u>FPL</u>**: Yes.
- **<u>DEF</u>**: Yes.
- TECO: Yes.
- GULF: Yes.
- **<u>OPC</u>**: No position.
- **<u>FIPUG</u>:** No position.
- **<u>PCS</u>**: No position.
- **SACE:** No position.
- **STAFF:** Yes.
- **<u>ISSUE 2</u>**: What are the estimated/actual environmental cost recovery true-up amounts for the period January 2014 through December 2014?

Proposed Stipulation

FPL	\$1,184,920*	Over Recovery
DEF	\$11,344,981	Over Recovery
GULF	\$2,229,940	Under Recovery
TECO	\$6,935,676	Over Recovery

*Depending on outcome of issues 9 and 10, this number may need to be adjusted.

POSITIONS

FPL:	Yes.
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- **DEF:** Yes.
- TECO: Yes.
- GULF: Yes.
- **<u>OPC</u>**: No position.
- **<u>FIPUG</u>**: No position.
- **<u>PCS</u>**: No position.
- **<u>SACE</u>:** No position.
- **STAFF:** Yes.
- **<u>ISSUE 3</u>**: What are the projected environmental cost recovery amounts for the period January 2015 through December 2015?

Proposed Stipulation

FPL	\$208,815,646*
DEF	\$65,477,497
GULF	\$143,358,252
TECO	\$84,406,505

*Depending on outcome of issues 9 and 10, this number may need to be adjusted.

POSITIONS

FPL: Yes.

<u>DEF</u> :	Yes.
<u>TECO</u> :	Yes.
<u>GULF</u> :	Yes.
<u>OPC</u> :	No position.
FIPUG:	No position.
<u>PCS</u> :	No position.
SACE:	No position.
<u>STAFF</u> :	Yes.

<u>ISSUE 4</u>: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2015 through December 2015?

Pro	posed	Sti	pulation	1
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FPL	\$205,116,741*
DEF	\$50,360,752
GULF	\$152,343,715
TECO	\$75,568,127

*Depending on outcome of issues 9 and 10, this number may need to be adjusted.

POSITIONS

<u>FPL</u> :	Yes.

- **<u>DEF</u>**: Yes.
- TECO: Yes.
- GULF: Yes.
- **<u>OPC</u>**: No position.
- **<u>FIPUG</u>**: No position.
- **<u>PCS</u>**: No position.
- **<u>SACE</u>:** No position.

STAFF: Yes.

<u>ISSUE 5</u>: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2015 through December 2015?

Proposed Stipulation

The depreciation rates used to calculate the depreciation expense shall be the rates that are in effect during the period the allowed capital investment is in service.

POSITIONS

<u>FPL</u> :	Yes.
DEF:	Yes.
<u>TECO</u> :	Yes.
<u>GULF</u> :	Yes.
<u>OPC</u> :	No position.
FIPUG:	No position.
<u>PCS</u> :	No position.
<u>SACE</u> :	No position.
<u>STAFF</u> :	Yes.

<u>ISSUE 6</u>: What are the appropriate jurisdictional separation factors for the projected period January 2015 through December 2015?

Proposed Stipulation

FPL

Retail Energy Jurisdictional Factor	95.26108%
Retail CP Demand Jurisdictional Factor	94.64598%
Retail GCP Demand Jurisdictional Factor	100%

DEF

The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales. The remaining separation factors are below, consistent with the Revised and Restated Stipulation and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI, at p. 54.

Transmission Average 12 CP Demand - 70.203% Distribution Primary Demand - 99.561% Production Demand: Production Demand (2012) – 91.683%" Production Base (2013) – 92.885% Production Intermediate – 72.703% Production Peaking – 95.924% Production A&G – 93.221%

GULF

The demand jurisdictional separation factor is 97.07146%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales.

TECO

The appropriate jurisdictional separation factor for demand and energy is 100%.

POSITIONS

<u>FPL</u> :	Yes.
<u>DEF</u> :	Yes.
<u>TECO</u> :	Yes.
<u>GULF</u> :	Yes.
<u>OPC</u> :	No position.
FIPUG:	No position.
<u>PCS</u> :	No position.
SACE:	No position.
STAFF:	Yes.

<u>ISSUE 7</u>: What are the appropriate environmental cost recovery factors for the period January 2015 through December 2015 for each rate group?

Proposed Stipulation

FPL

The appropriate factors* are as follows:

RATE CLASS	Environmental Cost Recovery Factor (\$/KWH)
RS1/RTR1	0.00205
GS1/GST1/WIES1	0.00187
GSD1/GSDT1/HLFT1	0.00175
OS2	0.00182
GSLD1/GSLDT1/CS1/CST1/HLFT2	0.00175
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.00157
GSLD3/GSLDT3/CS3/CST3	0.00149
SST1T	0.00146
SST1D1/SST1D2/SST1D3	0.00173
CILC D/CILC G	0.00152
CILC T	0.00146
MET	0.00178
OL1/SL1/PL1	0.00070
SL2, GSCU1	0.00143
Total	0.00190

*Depending on outcome of issues 9 and 10, some FPL factors may need to be adjusted.

DEF

Rate Class	ECRC Factors
Residential	0.138 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.133 cents/kWh
@ Primary Voltage	0.132 cents/kWh
@ Transmission Voltage	0.130 cents/kWh
General Service 100% Load Factor	0.125 cents/kWh
General Service Demand	
@ Secondary Voltage	0.129 cents/kWh
@ Primary Voltage	0.128 cents/kWh
@ Transmission Voltage	0.126 cents/kWh
Curtailable	
@ Secondary Voltage	0.123 cents/kWh
@ Primary Voltage	0.122 cents/kWh
@ Transmission Voltage	0.121 cents/kWh
Interruptible	
@ Secondary Voltage	0.122 cents/kWh
@ Primary Voltage	0.121 cents/kWh
@ Transmission Voltage	0.120 cents/kWh
Lighting	0.114 cents/kWh

GULF

RATE CLASS	ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH
RS, RSVP	1.592
GS	1.435
GSD, GSDT, GSTOU	1.276
LP, LPT	1.136
PX, PXT, RTP, SBS	1.083
OS-I/II	0.417
OSIII	1.039

TECO

Rate Class		Factor (¢/kWh)
RS		0.408
GS, TS		0.407
GSD, SBF		
	Secondary	0.405
	Primary	0.401
	Transmission	0.397
IS		
	Secondary	0.397
	Primary	0.393
	Transmission	0.389
LS1		0.401
Average Fa	actor	0.406

POSITIONS

<u>FPL</u> :	Yes.
DEF:	Yes.
TECO:	Yes.
GULF:	Yes.
<u>OPC</u> :	No position.
FIPUG:	No position.
<u>PCS</u> :	No position.
SACE:	No position.
STAFF:	Yes.
<u>ISSUE 8</u> :	What should be the effective date of the new environmental cost recovery factors for billing purposes?

Proposed Stipulation

The factors shall be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2015 through December 2015. Billing cycles may start before January 1, 2015 and the last cycle may be read after December 31, 2015, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges shall continue in effect until modified by subsequent order of this Commission.

POSITIONS

<u>FPL</u> :	Yes.
<u>DEF</u> :	Yes.
<u>TECO</u> :	Yes.
<u>GULF</u> :	Yes.
<u>OPC</u> :	No position.
FIPUG:	No position.
<u>PCS</u> :	No position.
SACE:	No position.
<u>STAFF</u> :	Yes.

<u>ISSUE 9</u>: Should the Commission approve FPL's Waters of the United States Rulemaking Project such that the reasonable costs incurred by FPL in connection with the project may be recovered through the Environmental Cost Recovery Clause?

POSITIONS

FPL: Yes. The United States Environmental Protection Agency and the Army Corps of Engineers have published a proposed rule that would change the definition of the Waters of the United States ("WOUS"). The revised definition would result in an increased number of new jurisdictional wetland and water body determinations impacting existing facilities and future electric utility projects. FPL contends that the proposed rule revisions are overreaching and in conflict with Supreme Court decisions regarding WOUS. These proposed changes could result in Clean Water Act ("CWA") requirements applying to existing and future power plant, transmission, distribution, pipeline and renewable generation related projects that

would not be subject to those requirements under the current WOUS definition and would require FPL to incur substantially higher permitting and operational costs associated with those projects. FPL also could be required to purchase additional costly mitigation credits for those projects. Further, the proposed rule revisions could result in a requirement to install cumbersome and very expensive compliance technologies on the cooling ponds or cooling canal systems at four FPL power plants. Accordingly, FPL believes it is prudent at this time to engage in active legislative and regulatory advocacy to limit the compliance cost impact of potential revisions to the CWA. Comments on the proposed rule are due on October 20, 2014. To that end, FPL proposes to retain the services of qualified consultants and/or legal counsel to assist in developing comments and presenting FPL's positions on the proposed rule to state and federal government agencies and legislators. On several occasions, the Commission has approved ECRC recovery of legal or consulting activities related to legislative and regulatory advocacy that is designed to mitigate environmental compliance costs. (LaBauve)

- **<u>DEF</u>**: No position.
- **TECO:** No position.
- **<u>GULF</u>:** No position.
- **OPC:** Legal and regulatory advocacy costs should not be recovered through the ECRC if they are of the type or amount already being recovered in base rates. Furthermore, any such advocacy costs should not be allowed for ratemaking recovery if they are not "environmental compliance costs" as intended in Section 366.8255, F.S. and/or do not provide a clear benefit to customers, or are otherwise classified as below-the-line costs under applicable Commission precedent. It is the Company's burden to demonstrate that such advocacy costs: (1) meet the statutory requirements; (2) benefit customers; (3) are not impermissible ratemaking costs normally recorded below-the-line; and (4) are not otherwise being recovered in base rates.
- **FIPUG:** For the reasons set forth in FIPUG's Statement of Basic Position, advocacy costs should not be recovered through the Environmental Cost Recovery Clause. Specifically, lobbying fees and expenses should not be recovered from ratepayers.
- **PCS:** No position.
- **SACE:** No. The Company should not be allowed to recover customer dollars for lobbying activities.
- **<u>STAFF</u>**: Staff has no position pending evidence adduced at the hearing.

<u>ISSUE 10</u>: How should the costs associated with FPL's Waters of the United States Rulemaking Project be allocated to the rate classes?

Proposed Stipulation

At this time, only O&M costs are being projected. Although interveners assert that issue 10 should not be reached, if it is, O&M costs associated with FPL's proposed WOUS Rulemaking Project should be allocated to the rate classes on an Average 12 CP demand basis.

POSITIONS

<u>FPL</u> :	Yes.
DEF:	No position.
TECO:	No position.
GULF:	No position.
<u>OPC</u> :	No position.
FIPUG:	Yes; however, FIPUG asserts that this issue should not be reached.
<u>PCS</u> :	No position.
SACE:	Yes.
<u>STAFF</u> :	Yes.
<u>ISSUE 11</u> :	Should the Commission approve FPL's Supplemental Clean Air I

<u>ISSUE 11</u>: Should the Commission approve FPL's Supplemental Clean Air Interstate Rule (CAIR), Mercury and Air Toxics Standards (MATS) and Clean Air Visibility Rule (CAVR)/ Best Available Retrofit Technology (BART) Filing as reasonable?

Proposed Stipulation

Yes. Completion of the compliance activities discussed in FPL's Supplemental CAIR/MATS/CAVR Filing of April 1, 2014, is required by existing federal and state environmental rules and regulatory requirements for air quality control and monitoring; and the associated project costs appear reasonable and prudent. FPL shall continue to file, as part of its annual ECRC final true-up testimony, a review of the efficacy of its CAIR/MATS/CAVR compliance plans, and the cost-effectiveness of its retrofit options for each generating unit in relation to expected changes in environmental regulations and ongoing state and federal CAIR legal challenges.

The reasonableness and prudence of individual expenditures, and FPL's decisions on the future compliance plans made in light of subsequent developments, will continue to be subject to the Commission's review in future ECRC proceedings on these matters.

POSITIONS

<u>FPL</u> :	Yes.
DEF:	No position
<u>TECO</u> :	No position.
<u>GULF</u> :	No position.
<u>OPC</u> :	No position.
FIPUG:	No position.
<u>PCS</u> :	No position.
SACE:	No position.
STAFF:	Yes.

<u>ISSUE 12</u>: Should the Commission approve DEF's Review of Integrated Clean Air Compliance Plan as reasonable?

Proposed Stipulation

Yes. DEF's Review of its Integrated Clean Air Compliance Plan provides an adequate summary of its plan for timely compliance with applicable environmental regulations. DEF continues to evaluate compliance options in light of the remand of EPA's Cross-State Air Pollution Rule, EPA's adoption of Mercury & Air Toxics Standards (MATS) and other regulatory developments.

DEF shall continue to file, as part of its annual ECRC final true-up testimony, an update of its Integrated Clean Air Compliance Plan. The reasonableness and prudence of individual expenditures, and DEF's decisions on the future compliance plans made in light of subsequent environmental rule developments, will continue to be subject to the Commission's review in future ECRC proceedings on these matters.

POSITIONS

<u>FPL</u>: No position.

<u>DEF</u> :	Yes.	
<u>TECO</u> :	No position.	
GULF:	No position.	
<u>OPC</u> :	No position.	
FIPUG:	No position.	
<u>PCS</u> :	No position.	
SACE:	No position.	
<u>STAFF</u> :	Yes.	
IX. <u>EXHIBIT LIST</u>		

Witness	Proffered By		<u>Description</u>
Direct			
R.R. LaBauve	FPL	RRL-1	FPL Supplemental CAIR/MATS/CAVR Filing
T.J. Keith	FPL	TJK-1	Appendix I Environmental Cost Recovery Final True-up January 2013 – December 2013 Commission Forms 42-1A through 42-9A
T.J. Keith	FPL	TJK-2	Appendix I Environmental Cost Recovery Actual/Estimated Period January 2014 – December 2014 Commission Forms 42-1E through 42-9E

<u>Witness</u>	Proffered By		Description
T.J. Keith	FPL	TJK-3	Appendix I Environmental Cost Recovery Projections January 2015 - December 2015 Commission Forms 42-1P through 42-8P
Michael Delowery	DEF	TGF-5	Form 42-5P, page 20 of 21
Thomas G. Foster	DEF	TGF-1	PSC Forms 42-1A through 42- 9A January 2013 - December 2013
Thomas G. Foster	DEF	TGF-2	Capital Program Detail January 2013 - December 2013
Thomas G. Foster	DEF	TGF-3	PSC Forms 42-1E through 42- 9E January 2014 – December 2014
Thomas G. Foster	DEF	TGF-4	Capital Program Detail January 2014 - December 2014
Thomas G. Foster	DEF	TGF-5	Forms 42-1P through 42-8P January 2015 - December 2015
Thomas G. Foster	DEF	TGF-6	Capital Program Detail January2015 - December 2015
Jeffrey Swartz	DEF	JS-1	Crystal River Clean Air Projects Organizational Chart

Witness	Proffered By		Description
Jeffrey Swartz	DEF	TGF-5	Form 42-5P, pages 7 and 21 of 21
Patricia Q. West	DEF	PQW-1	Review of Integrated Clean Air Compliance Plan
Patricia Q. West	DEF	TGF-5	Form 42-5P, pages 3, 4, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of 21
Corey Ziegler	DEF	TGF-5	Form 42-5P, pages 1, 2, and 10 of 21
Penelope A. Rusk	TECO	HTB-1	Final Environmental Cost Recovery Commission Forms 42-1A through 42-9A for the period January 2013 through December 2013
Penelope A. Rusk	TECO	PAR-1	Environmental Cost Recovery Commission Forms 42-1E through 42-9E for the Period January 2014 through December 2014
Penelope A. Rusk	TECO	PAR-2	Forms 42-1P through 42-8P Forms for the January 2015 through December 2015
C. S. Boyett	Gulf	RWD-1	Calculation of Final True-up 1/13 – 12/13
C. S. Boyett	Gulf	CSB-1	Calculation of Estimated True-up 1/14 – 12/14
C. S. Boyett	Gulf	CSB-2	Calculation of Projection 1/15 - 12/15

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. <u>PROPOSED STIPULATIONS</u>

Proposed Stipulation of issues 1-8, and 10-12 are set forth above at Section VIII., Issues and Positions.

XI. <u>PENDING MOTIONS</u>

There are no pending motions at this time.

XII. <u>PENDING CONFIDENTIALITY MATTERS</u>

There are no pending confidentiality matters at this time.

XIII. POST-HEARING PROCEDURES

Each party taking a position on issue 9 shall file a post-hearing statement of its position. A summary of the position set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position. If a party fails to file a post-hearing statement, that party shall have waived the issues.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of position, and brief, shall together total no more than 20 pages and shall be filed at the same time.

XIV. <u>RULINGS</u>

Opening statements, if any, shall not exceed five minutes per party.

It is therefore, hereby

ORDERED by Commissioner Julie I. Brown, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Julie I. Brown, as Prehearing Officer, this <u>15th</u> day of <u>October</u>, <u>2014</u>.

JULIE I. BRO

Commissioner and Prehearing Officer Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399 (850) 413-6770 www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

CWM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.