

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 20200007-EI

Filed: October 9, 2020

FLORIDA POWER & LIGHT COMPANY’S PREHEARING STATEMENT

Florida Power & Light Company (“FPL”), pursuant to Order Nos. PSC-2020-0044-PCO-EI and PSC-2020-0123-PCO-PU, hereby submits its Prehearing Statement regarding the issues to be addressed at the hearing scheduled for November 3 - 5, 2020.

A. APPEARANCES

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B. WITNESSES

DIRECT WITNESSES	SUBJECT MATTER	ISSUES
Rena B. Deaton, FPL	Presents FPL’s Environmental Cost Recovery Clause (“ECRC”) final true-up for 2019, Actual/Estimated True-up for 2020, Projections for 2021, and ECRC factors for January through December 2021. Ms. Deaton is an expert in electric utility rates and rate regulation.	1-10, 14
Michael W. Sole, FPL	Supports recovery of prudently incurred costs associated with FPL’s proposed Power Plant Intake Protected Species Project, a modification to the Turkey Point Cooling Canal Monitoring Plan Project; supports the 2020 Supplemental CAIR/MATS/CAVR Filing and FPL’s Project Progress Report. Mr. Sole is an expert in Florida environmental regulation and policy.	1-3, 13, 15

C. EXHIBITS

WITNESS	PROFFERED BY	EXHIBIT NO.	DESCRIPTION	ISSUE #
R.B. Deaton	FPL	RBD-1	Environmental Cost Recovery Final True-up January 2019 - December 2019 Commission Forms 42-1A through 42-9A	1
R.B. Deaton	FPL	RBD-2	Environmental Cost Recovery Actual/Estimated True-up January 2020 - December 2020 Commission Forms 42-1E through 42-9E	2
R.B. Deaton	FPL	RBD-3	Appendix I - Environmental Cost Recovery Projections - January 2021 - December 2021 Commission Forms 42-1P through 42-8P Appendix II - Calculation of Stratified Separation Factors	3-10, 14
M.W. Sole	FPL	MWS-1	FPL Supplemental CAIR/MATS/CAVR Filing	1,2
M.W. Sole	FPL	MWS-2	June 12, 2019 NOAA Letter to FPL	13
M.W. Sole	FPL	MWS-3	March 25, 2020 USFWS Letter to FPL	13
M.W. Sole	FPL	MWS-4	2015 Consent Agreement	15
M.W. Sole	FPL	MWS-5	June 2016 FDEP Consent Order	15
M.W. Sole	FPL	MWS-6	2016 Consent Agreement Addendum	15
M.W. Sole	FPL	MWS-7	July 2020 Plan Submitted to FDEP	15
M.W. Sole	FPL	MWS-8	NPDES/IWW Permit Number FL0001562	15
M.W. Sole	FPL	MWS-9	April 13, 2020 Notice of Intent to Issue Permit	15
M.W. Sole	FPL	MWS-10	Photo of Manatee Calf at Sea World Rehabilitation Center	13

D. STATEMENT OF BASIC POSITION

FPL's 2021 ECRC factors, including prior period true-ups, are reasonable and should be approved. The Commission also should approve FPL's proposed Power Plant Intake Protected Species Project and the modification to its approved Turkey Point Cooling Canal Monitoring Plan Project.

E. STATEMENT OF ISSUES AND POSITIONS

GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2019 through December 2019?

FPL: \$14,087,943 over-recovery. (Deaton, Sole)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2020 through December 2020?

FPL: \$4,763,785 over-recovery. (Deaton, Sole)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2021 through December 2021?

FPL: \$176,174,665. (Deaton, Sole)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2021 through December 2021?

FPL: \$157,436,210, including prior period true-up amounts and revenue taxes. (Deaton)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2021 through December 2021?

FPL: The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. For the period January 2021 through December 2021, FPL should use the depreciation rates approved by the Commission in FPL's 2016 rate case settlement agreement, Order No. PSC-16-0560-AS-EI. (Deaton)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2021 through December 2021?

FPL: **ENERGY**

Retail Energy Jurisdictional Factor - Base/Solar	95.6788%
Retail Energy Jurisdictional Factor - Intermediate	94.9979%
Retail Energy Jurisdictional Factor - Peaking	95.2675%

DEMAND

Retail Demand Jurisdictional Factor - Transmission	90.2300%
Retail Demand Jurisdictional Factor - Base/Solar	95.6891%
Retail Demand Jurisdictional Factor - Intermediate	95.0081%
Retail Demand Jurisdictional Factor - Peaking	95.2778%
Retail Demand Jurisdictional Factor - Distribution	100.0000%

GENERAL PLANT

Retail General Plant Jurisdictional Factor - Labor	96.9888%
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(Deaton)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2021 through December 2021 for each rate group?

FPL:

RATE CLASS	Environmental Cost Recovery Factor (cents/kWh)
RS1/RTR1	0.149
GS1/GST1	0.150
GSD1/GSDT1/HLFT1/GSD1-EV	0.133
OS2	0.080
GSLD1/GSLDT1/CS1/CST1/HLFT2/GSLD1-EV	0.135
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.114
GSLD3/GSLDT3/CS3/CST3	0.110
SST1T	0.110
SST1D1/SST1D2/SST1D3	0.175
CILC D/CILC G	0.113
CILC T	0.102
MET	0.122
OL1/SL1/SL1M/PL1	0.027
SL2/SL2M/GSCU1	0.104
Total	0.141

(Deaton)

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

FPL: The environmental cost recovery factors should be effective for meter readings that occur on or after January 1, 2021. These charges should continue in effect until modified by subsequent order of this Commission. (Deaton)

ISSUE 9: **Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?**

FPL: Yes. The Commission should approve FPL’s revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors as presented in this proceeding. (Deaton)

ISSUE 10: **Should this docket be closed?**

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

COMPANY-SPECIFIC ISSUES

ISSUE 13: **Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Power Plant Intake Protected Species Project?**

FPL: Yes. Under the United States Endangered Species Act (“ESA”) (16 U.S.C. § 1531 et seq.), the Marine Mammal Protection Act (“MMPA”) (16 U.S.C. § 1361-1407) and Chapter 68A-27 of the Florida Administrative Code, FPL is required to avoid the “take” of species listed as endangered or threatened.

Recently, FPL power plants have had interactions with the smalltooth sawfish and the Florida manatee which are listed as an endangered and threatened species, respectively, under the ESA. FPL has received letters from NOAA Fisheries and the USFWS stating that pursuant to the ESA, FPL must undertake measures to address the unauthorized takes of these species. In order to prevent further take of the species, FPL plans to hire consultants to evaluate and recommend design solutions that will be proposed to the environmental agencies. FPL will implement the agreed upon solution.

Additionally, on July 15, 2020, at FPL’s Cape Canaveral Energy Center, a live Florida manatee calf was discovered in the plant’s intake facilities. The FWC determined the manatee calf was separated from its mother and the mother was unable to be located at the time of the intended release and the calf needed to be transferred to a federally permitted rehabilitation facility, therefore the calf was taken to Sea World for rehabilitation. USFWS is exercising its enforcement discretion and has requested that the Company assist with the costs of rehabilitating the manatee calf. This cooperation between FWC/USFWS and FPL is consistent with FPL’s collaborative work on developing solutions to reduce interactions between the Florida manatee and intake facilities, and to reduce the risk of enforcement actions for unauthorized takes. (Sole)

ISSUE 14: How should any approved Environmental Cost Recovery Clause costs associated with FPL’s proposed Power Plant Intake Protected Species Project be allocated to rate classes?

FPL: O&M and Capital costs associated with FPL’s proposed Power Plant Intake Protected Species Project should be allocated to rate classes based on 100% CP Demand. (Deaton)

ISSUE 15: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modification to its Turkey Point Cooling Canal Monitoring Plan Project?

FPL: Yes. FPL is in the process of renewing its NPDES/IWW permit for the Turkey Point facility and FDEP has noticed an intent to issue a permit, but parties have filed administrative challenges, resulting in litigation concerning the issuance of the final permit. The NPDES/IWW permit is an integral piece of FPL’s compliance with the 2016 Consent Order issued by FDEP, the environmental requirement that forms the basis for the Cooling Canal Project. The proposed NPDES/IWW permit incorporates the 2016 Consent Order remedial actions and timelines related to retraction of the hypersaline plume as well as monitoring and reporting requirements. Therefore, FPL is requesting to recover costs associated with litigating the NPDES/IWW permit challenges. (Sole)

F. STIPULATED ISSUES

Yet to be determined. FPL is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

G. PENDING MOTIONS

FPL has no pending motions at this time.

H. PENDING REQUESTS FOR CONFIDENTIALITY

FPL has none at this time.

I. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT

FPL does not object to any witness’s qualifications as an expert at this time.

J. REQUEST FOR SEQUESTRATION

FPL does not request sequestration of any witnesses.

K. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

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

Respectfully submitted,

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By: s/ Maria Jose Moncada
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CERTIFICATE OF SERVICE
Docket No. 20200007-EI

I **HEREBY CERTIFY** that a true and correct copy of FPL's Prehearing Statement has been furnished by electronic service this 9th day of October 2020 to the following:

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