

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Environmental Cost Recovery Clause

Docket No. 20210007-EI

Filed: October 6, 2021

**FLORIDA POWER & LIGHT COMPANY'S PREHEARING STATEMENT**

Florida Power & Light Company ("FPL"), representing the merged and consolidated operations of FPL and the former Gulf Power Company ("Gulf") and pursuant to Order Nos. PSC-2021-0078-PCO-EI, PSC-2021-0210-PCO-EI and PSC-2021-0338-PCO-EI, hereby submits its Prehearing Statement regarding the issues to be addressed at the hearing scheduled for November 2-4, 2021.

**A. APPEARANCES**

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**B. WITNESSES**

<b>DIRECT WITNESSES</b>	<b>SUBJECT MATTER</b>	<b>ISSUES</b>
Rena B. Deaton, FPL/Gulf	Presents FPL’s and Gulf’s separate Environmental Cost Recovery Clause (“ECRC”) final true-up for 2020 and Actual/Estimated True-up for 2021, and consolidated Projections for 2022 and unified ECRC factors for January through December 2022. Ms. Deaton is an expert in electric utility rates and rate regulation.	1-10, 14
Michael W. Sole, FPL/Gulf	Supports FPL’s and Gulf’s O&M and capital variances; FPL’s consolidated Project Progress Report; explains the consolidation of ECRC projects resulting from the FPL/Gulf merger; recovery of prudently incurred costs associated with the proposed FPL Miami-Dade Clean Water Recovery Center Project; and modification to the Lowest Quality Water Source Project. Mr. Sole is an expert in Florida environmental regulation and policy.	1-3, 13, 15

**C. EXHIBITS**

<b>WITNESS</b>	<b>PROFFERED BY</b>	<b>EXHIBIT No.</b>	<b>DESCRIPTION</b>	<b>ISSUE No.</b>
R.B. Deaton	FPL	RBD-1	Environmental Cost Recovery Final True-up January 2020 - December 2020 Commission Forms 42-1A through 42-9A	1
R.B. Deaton	FPL	RBD-2	Environmental Cost Recovery Actual/Estimated True-up January 2021 - December 2021 Commission Forms 42-1E through 42-9E	2
R.B. Deaton	FPL	RBD-3	Appendix I – Environmental Cost Recovery Projections - January 2022 - December 2022 Commission Forms 42-1P through 42-8P  Appendix II - Calculation of Stratified Separation Factors	3-10, 14

<b>WITNESS</b>	<b>PROFFERED BY</b>	<b>EXHIBIT No.</b>	<b>DESCRIPTION</b>	<b>ISSUE No.</b>
R.B. Deaton	Gulf	RLH-1	Environmental Cost Recovery Final True-up January 2020 – December 2020 Commission Forms 42-1A through 42-9A	1
R.B. Deaton	Gulf	RLH-2	Environmental Cost Recovery Actual/Estimated True-up January 2021 - December 2021 Commission Forms 42-1E through 42-9E	2
M.W. Sole	FPL	MWS-1	2015 Miami-Dade County Department of Environmental Resource Management (“MDC”) Consent Agreement	12
M.W. Sole	FPL	MWS-2	June 2016 FDEP Consent Order	12
M.W. Sole	FPL	MWS-3	2016 MDC Consent Agreement Addendum	12
M.W. Sole	FPL	MWS-4	2019 MDC Consent Agreement Addendum	12
M.W. Sole	FPL	MWS-5	July 2020 Supplemental Salinity Management Plan	12
M.W. Sole	FPL	MWS-6	May 6, 2005 NPDES/IWW Permit Number FL0001562	12
M.W. Sole	FPL	MWS-7	FDEP’s April 13, 2020 Notice of Intent to Issue Permit FL0001562	12
M.W. Sole	FPL	MWS-8	FDEP’s April 25, 2016 Notice of Violation and Orders for Corrective Action	12
M.W. Sole	FPL	MWS-9	MDC and FPL Agreement	11
M.W. Sole	FPL	MWS-10	Turkey Point Conditions of Certification	11
M.W. Sole	FPL	MWS-11	South Florida Water Management District letter to FPL	11
M.W. Sole	FPL	MWS-12	MDC Board of County Commissioners Resolution and Memorandum recommending approval	11
M.W. Sole	FPL	MWS-13	ECRC Combined Project Summary	
M.W. Sole	FPL	MWS-14	Sanford Plant July 13, 2021 Consumptive Use Permit	14
M.W. Sole	FPL	MWS-15	Sanford Consumptive Use Permit Technical Staff Report	14

**D. STATEMENT OF BASIC POSITION**

FPL's unified 2022 ECRC factors are reasonable and should be approved. FPL's unified 2022 ECRC factors include separate prior and current period true-ups for FPL and Gulf. The Commission also should approve FPL's proposed Miami-Dade Clean Water Recovery Center Project and modification to its Lowest Water Quality Source 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 2020 through December 2020?**

**FPL:** \$14,657,307 over-recovery. (Deaton, Sole)

**Gulf:** \$2,150,848 under-recovery (Deaton, Sole)

**ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2021 through December 2021?**

**FPL:** \$2,748,378 over-recovery. (Deaton, Sole)

**Gulf:** \$3,816,668 over-recovery. (Deaton, Sole)

**ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2022 through December 2022?**

**FPL:** \$364,050,992 consolidated. (Deaton, Sole)

**ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2022 through December 2022?**

**FPL:** \$344,979,487, consolidated and including separate prior and current period true-up amounts for FPL and Gulf. (Deaton, Sole)

**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 2022 through December 2022?**

**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 2022 through December 2022, FPL will use the depreciation rates that are ultimately approved by the Commission in Docket No. 20210015-EI. (Deaton)

**ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2022 through December 2022?**

**FPL: ENERGY**

Retail Energy Jurisdictional Factor - Base/Solar	95.8917%
Retail Energy Jurisdictional Factor - Intermediate	94.7558%
Retail Energy Jurisdictional Factor - Peaking	95.7721%

**DEMAND**

Retail Demand Jurisdictional Factor - Transmission	90.2581%
Retail Demand Jurisdictional Factor - Base/Solar	95.9314%
Retail Demand Jurisdictional Factor - Intermediate	95.4287%
Retail Demand Jurisdictional Factor - Peaking	95.1837%
Retail Demand Jurisdictional Factor - Distribution	100.0000%

**GENERAL PLANT**

Retail General Plant Jurisdictional Factor - Labor	96.9001%
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(Deaton)

**ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2022 through December 2022 for each rate group?**

**FPL:** FPL’s unified 2022 environmental cost recovery factors for the period January 2022 through December 2022, based on the costs of environmental compliance activities associated with consolidated FPL and Gulf Power projects are:

RATE CLASS	Environmental Cost Recovery Factor (cents/kWh)
RS1/RTR1	0.299
GS1/GST1	0.309
GSD1/GSDT1/HLFT1/GSD1-EV	0.267
OS2	0.205
GSLD1/GSLDT1/CS1/CST1/HLFT2/GSLD1-EV	0.269
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.234
GSLD3/GSLDT3/CS3/CST3	0.216
SST1T	0.277
SST1D1/SST1D2/SST1D3	0.511
CILC D/CILC G	0.224
CILC T	0.199
MET	0.247
OL1/SL1/SL1M/PL1	0.046
SL2/SL2M/GSCU1	0.206
Total	0.283

(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, 2022. 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. This is a continuing docket and should remain open. (Deaton)

#### COMPANY-SPECIFIC ISSUES

**ISSUE 11:** Should the Commission approve FPL's Miami-Dade Clean Water Recovery Center Project for cost recovery through the Environmental Cost Recovery Clause?

**FPL:** Yes. On June 29, 2021, Governor DeSantis signed legislation providing that the definition of "environmental compliance costs" includes "costs or expenses prudently incurred by an electric utility after July 1, 2021, pursuant to an agreement between the electric utility and a governmental wastewater utility for the exclusive purpose of the electric utility constructing and operating a wastewater reuse system where operation of the system will serve to further compliance with environmental laws or regulations that apply to the electric utility and where the system fully or partially satisfies a local government's reclaimed water reuse requirements under s. 403.064 or s. 403.806." That new definition is codified at Section 366.8255(1)(d)(9) of the Florida Statutes ("F.S.").

The Miami-Dade Clean Water Recovery Center ("CWRC") Project meets all requirements outlined in Section 366.8255(1)(d)(9), F.S. On July 6, 2020, MDC and FPL entered into an agreement for the exclusive purpose of FPL constructing and operating an advanced wastewater reuse system to transport, treat, and use reclaimed water at the FPL Turkey Point Clean Energy Center. Under the agreement, MDC will provide up to 15 MGD of water to FPL for treatment and use by FPL in Unit 5's cooling towers. FPL intends to utilize 100% of the water generated by the CWRC to cool Unit 5. The CWRC Project will assist Florida in achieving the state's objective to reuse reclaimed water, further FPL's compliance with Turkey Point's Conditions of Certification ("COC"), offset Unit 5's

groundwater use authorized by the COC, and partially satisfy MDC's reclaimed water reuse requirements under 403.064 and 403.086, F.S. (Sole)

**ISSUE 12:** How should any approved Environmental Cost Recovery Clause costs associated with FPL's Miami-Dade Clean Water Recovery Center Project be allocated to the rate classes?

**FPL:** O&M and Capital costs associated with FPL's proposed Miami-Dade Clean Water Recovery Center Project should be allocated to rate classes based on 100% CP Demand. (Deaton)

**ISSUE 13:** 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:** FPL will not seek ECRC recovery for these costs. Therefore, this issue is no longer necessary.

**ISSUE 14:** Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modification to its Lowest Quality Water Source Project?

**FPL:** Yes. Condition 14 of the St. John's River Water Management District's ("SJRWMD") Consumptive Use Permit requires use of "the lowest quality water source, such as reclaimed water, surface/storm water, or alternative water supply, to supply the needs of the project when deemed feasible pursuant to District rules and applicable state law." As part of the permit renewal process at the Sanford Plant, FPL was required to conduct a feasibility evaluation of using reclaimed water or surface water to replace groundwater. Based on this evaluation, the SJRWMD deemed surface water to be a feasible LQWS for the site. Therefore, pursuant to permit conditions 18 and 19, the Sanford Plant is required to transition from groundwater to surface water by August 1, 2023. Beginning August 1, 2023, groundwater can be used only as a backup source, and by August 1, 2024, the groundwater wells must be properly abandoned. (Sole)

**F. STIPULATED ISSUES**

Yet to be determined. FPL is willing to stipulate that the testimony of each witness 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 no pending requests 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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**CERTIFICATE OF SERVICE**  
**Docket No. 20210007-EI**

I **HEREBY CERTIFY** that a true and correct copy of FPL's Prehearing Statement has been furnished by electronic service this 6th day of October 2021 to the following:

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