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110018-EU

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**The docket number and title of docket:**

Docket No. 110018-EU  
In re: Joint petition for modification to determination of need for expansion of an existing renewable energy electrical power plant in Palm Beach County by Solid Waste Authority of Palm Beach County and Florida Power & Light Company, and for approval of associated regulatory accounting and purchased power agreement cost recovery.

**The name of the party on whose behalf the document is filed:**

Solid Waste Authority of Palm Beach County and Florida Power & Light Company

**The total number of pages in the attached document:** 31

**A brief but complete description of each attached document:**

Joint Petitioners' Post-Hearing Brief

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DOCUMENT NUMBER-DATE

03207 MAY-9 =

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Joint Petition for Modification to ) Docket No. 110018 - EU  
Determination of Need for Expansion of an Existing )  
Renewable Energy Electrical Power Plant in Palm ) Filed: May 9, 2011  
Beach County by Solid Waste Authority of Palm )  
Beach County and Florida Power & Light Company, )  
and for Approval of Associated Regulatory )  
Accounting and Purchased Power Agreement )  
Cost Recovery )

**SOLID WASTE AUTHORITY OF PALM BEACH COUNTY  
AND  
FLORIDA POWER & LIGHT COMPANY'S JOINT POST-HEARING BRIEF**

The Solid Waste Authority of Palm Beach County ("SWA") and Florida Power & Light Company ("FPL") (collectively, the "Petitioners" or "Joint Petitioners"), pursuant to Order Nos. PSC-11-0074-PCO-EU, PSC-11-0146-PCO-EU, and PSC-11-0198-PHO-EU, hereby file with the Florida Public Service Commission (the "PSC" or the "Commission") their Joint Post-Hearing Brief in Docket No. 110018-EU, and states:

**INTRODUCTION AND OVERVIEW**

In this proceeding, Joint Petitioners SWA and FPL seek a modification to an existing determination of need so that SWA may expand its existing renewable energy electrical power plant in Palm Beach County ("Expanded Facility") as well as approval of a proposed purchase power agreement between SWA and FPL whereby FPL would purchase all of the net electrical output of SWA's Expanded Facility, pursuant to Sections 403.519 and 377.709, Florida Statutes, and FPL would recover all of the associated costs for firm energy and capacity from its customers.

More specifically, the Joint Petitioners ask the Commission to grant the following relief from the Commission, as set forth in their Joint Petition initiating this proceeding:

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03207 MAY -9 =

FPSC-COMMISSION CLERK

- (1) grant an affirmative modification to a previously issued determination of need for 75 megawatts (MW) by increasing the amount of electric generating capacity “needed” at the SWA site in the amount of 93 MW, to an aggregate combined total of 168 MW;
- (2) approval, without change, of the proposed SWA/FPL Purchase Power Agreement (hereinafter, “agreement” or “contract”) and associated advanced funding for SWA for the construction of the electrical component of its expanded solid waste facility; and
- (3) make the following findings in approving the SWA/FPL agreement:
  - (a) the agreement is reasonable, prudent, and in the best interest of FPL’s customers and complies fully with the requirements of Section 377.709, Florida Statutes, for advance funding, and
  - (b) FPL is authorized to utilize the regulatory accounting treatment described in the Joint Petition and recover from its customers the costs associated with its advanced payment for capacity plus carrying costs and administrative costs through the energy conservation cost recovery (“ECCR”) clause and all payments for firm capacity not recovered through the ECCR clause through the capacity clause and energy through the fuel and purchased power cost recovery clause.

The Joint Petition represents a cooperative effort between a local government solid waste facility, SWA, and an electric utility, FPL, to achieve the Florida Legislature’s goals and objectives in Section 377.709, F.S., by facilitating the construction of a solid waste facility that produces renewable energy through combustion of municipal solid waste (“MSW”), while providing real benefits and cost savings to the customers of SWA and FPL. Moreover, this cooperative effort and the resulting negotiated SWA/FPL agreement is fully consistent with and advances the policy embodied in Rule 25-17.240, Florida Administrative Code, which

encourages investor-owned utilities and renewable generating facilities to negotiate contracts for the purchase of firm capacity and energy.

The evidence in this proceeding presented by SWA and FPL consists of the uncontradicted testimony submitted by three highly qualified technical and policy witnesses from SWA and FPL. Significantly, no opposing testimony was submitted by any party, and thus, the evidentiary record in support of granting the relief requested is both overwhelming and virtually uncontested.

The record clearly shows that SWA's Expanded Facility represents the most cost-effective alternative for disposal of MSW in Palm Beach County and defers the need for further landfills. Tr. 29, 32-33, 36-38 (Bruner); Tr. 62, 67, 75-79 (Pellowitz). Also, based on record evidence examining all alternatives for possible committed capacity, which SWA has identified to be in the range of 70 to 80 MW consistent with the proposed contract, and operating capacity factors for the Expanded Facility, the Expanded Facility is cost-effective for FPL's customers and provides electricity to FPL's customers at a cost savings. Tr. 114 (Hartman); Tr. 92 (Pellowitz). As discussed in detail in this brief, the record shows that the construction and operation of the Expanded Facility will provide numerous benefits to both SWA's and FPL's customers, including:

- More efficient, cost-effective MSW disposal for SWA's customers (Tr. 29 (Bruner); Tr. 75-79 (Pellowitz));
- Additional renewable energy on FPL's system to serve FPL's customers as the result of a negotiated contract between SWA and FPL consistent with Section 366.91, Florida Statutes, and Commission Rule 25-17.240, F.A.C. (Tr. 29-31 (Bruner));

- Generating capacity for FPL's customers that is less than FPL's present value of its avoided capacity cost (*i.e.*, the value of FPL's deferred capacity) throughout the term of the proposed contract for up to 90 MW (Tr. 114 (Hartman));
- Energy for FPL's customers at a price less than FPL's avoided as-available energy costs throughout the term of the proposed contract. *Id.*

In contrast, failing to grant a need determination and approval of the contract between SWA and FPL would deprive the customers of SWA and FPL and the state of Florida of efficient, cost-effective disposal of solid waste, added renewable energy generation, millions of dollars in fuel and emissions cost savings and environmental benefits, and the economic benefits that flow from hundreds of millions of dollars of investment in plant and equipment and the hiring of hundreds of workers to construct and operate the Expanded Facility. Tr. 36-38, 42-43 (Bruner); Tr. 80 (Pellowitz); Tr. 114 (Hartman). Without the Expanded Facility, SWA runs the risk of failing to provide sufficiently diverse processing and disposal capacity to meet its obligations – all to the detriment of SWA's customers and the citizens of the state of Florida as a whole, as 3,000 tons of additional MSW generated per day will be landfilled with negative economic and environmental consequences. Tr. 36-38, 42-43 (Bruner); Tr. 67, 79 (Pellowitz).

SWA and FPL presented uncontradicted evidence that there is a need for SWA's Expanded Facility according to the need determination criteria found in Section 403.519, F.S. The Expanded Facility and SWA's sale of its net electrical output to FPL will clearly result in increased fuel diversity, fuel supply reliability, and electric system reliability for FPL. Tr. 112-114 (Hartman). Further, the Expanded Facility unequivocally represents the use of a renewable energy source and technology that the Florida Legislature has determined in Section 377.709, Florida Statutes, is "an effective conservation effort." Tr. 33 (Bruner); Tr. 115 (Hartman). Last

but not least, the Expanded Facility is clearly a cost-effective alternative for FPL, providing a cost savings to FPL's customers along with substantial benefits. Tr. 114 (Hartman).

For the reasons discussed more fully below under each of the issues identified for Commission disposition in this matter, the Commission should grant the relief requested in the Joint Petition. Granting such relief will result in more efficient waste disposal for the residents of Palm Beach County and renewable energy and cost savings benefits for the customers of FPL.

### ISSUES AND POSITIONS

**ISSUE 1:** Are the Solid Waste Authority of Palm Beach County (SWA) and Florida Power and Light Company (FPL) the proper applicants within the meaning of Section 403.519, Florida Statutes?

**Joint Petitioners:** \*SWA is the proper applicant under Section 403.519, Florida Statutes, because, under the Florida Electrical Power Plant Siting Act and as authorized by special act of the Florida Legislature, SWA is the lawful and proper applicant for site certification for the Expanded Facility with the Florida Department of Environmental Protection.\*

SWA is the proper applicant within the meaning of Section 403.519, Florida Statutes. Tr. 28 (Bruner). The Palm Beach County Solid Waste Act, Chapter 2001-331, Laws of Florida ("Special Act"), specifically authorizes SWA to construct and operate resource recovery waste-to-energy facilities to generate electrical power through combustion of municipal solid waste, and to sell the resulting output to any governmental agency, individual, public or private corporation, municipality, or other person. Tr. 25-28, 39-40 (Bruner). SWA is, and has been continuously, engaged in such activities at its site in Palm Beach County, Florida, since 1989. Tr. 29 (Bruner). SWA is specifically authorized under its Special Act to engage in such activities to meet the requirements of Chapter 403, Florida Statutes, which includes the Florida Electrical Power Plant Siting Act (Sections 403.501-403.518, Florida Statutes) and the need

determination statutory provision at issue (Section 403.519, Florida Statutes). Joint Petition, App. B.

Under the Florida Electrical Power Plant Siting Act, SWA was the applicant with the Florida Department of Environmental Protection (FDEP) for site certification for its Existing Facility and is presently the applicant for modification of that certification with FDEP in order to build the Expanded Facility, of which the Commission has taken official notice. Tr. 31-32 (Bruner); *In Re: Solid Waste Authority of Palm Beach County Florida, Palm Beach Renewable Energy Facility #2*, DEP OGC Case No. 1026, DOAH Case. No. 10-5935-EPP; Order No. PSC-11-0198-PHO-EU at 16. Moreover, SWA has previously been found to be a proper applicant for the determination of need under Section 403.519, Florida Statutes, for its existing facility for which the instant need determination seeks to modify. Joint Petition, App. C; *In Re: Petition of Palm Beach County Solid Waste Authority for Determination of Need for Solid-Waste-Fired Small Power Producing Electric Power Plant*, Docket No. 85-0435-EU, Order No. 15280 (Fla. P.S.C., 1985).

SWA clearly qualifies as an “applicant” for purposes of Section 403.519, Florida Statutes, as the term is defined in Section 403.503, Florida Statutes, in the Florida Electrical Power Plant Siting Act. “Applicant” is defined in Section 403.503(5), Florida Statutes, as “any electric utility which applies for certification pursuant to the provisions of this act.” “Electric Utility” is defined in Section 403.503(15), Florida Statutes, as “cities and towns, counties, public utility districts, regulated electric companies, electric cooperatives, and joint operating agencies, or combinations thereof, engaged in, or authorized to engage in, the business of generating, transmitting, or distributing electric energy.” SWA satisfies these definitions as a dependent special district and political subdivision of Palm Beach County created by its Special Act and

authorized to produce and sell electrical power. Joint Petition, App. B; Tr. 39-40 (Bruner). For all of the foregoing reasons, as the proper and lawful applicant for site certification, SWA is the proper applicant for determination of need under Section 403.519, Florida Statutes.

**ISSUE 2: Is there a need for the SWA Expanded Facility taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?**

**Joint Petitioners:** \*Yes. The SWA Expanded Facility will positively impact FPL's system reliability and integrity through the addition of renewable energy to FPL's system improving fuel diversity as well as providing firm capacity during a period when FPL's system will have a capacity requirement.\*

The SWA Expanded Facility will positively impact FPL's system reliability and integrity through the addition of renewable energy to FPL's system improving fuel diversity as well as providing firm capacity during a period when FPL's system will have a capacity requirement. Upon approval and execution of the proposed contract between SWA and FPL and completion of the Expanded Facility anticipated in 2015, SWA will provide to FPL all of the net electrical output from the Expanded Facility as firm energy and capacity until 2032 and potentially 2034. Tr. 41 (Bruner); Tr. 112 (Hartman); Ex. 2, SWA Response to Commission Staff Request for Production of Documents No. 1. In FPL's Ten-Year Site Plan filed April 1, 2011, FPL projects a need for additional capacity in 2016, and the capacity resulting from the proposed contract between SWA and FPL would serve to defer a portion of that capacity requirement. *Id.*

This additional capacity provided by SWA's Expanded Facility will increase FPL's system reliability and integrity by reducing its dependence upon fossil resources in favor of renewable energy from a reliable source. *Id.* The Expanded Facility is a renewable energy project that uses an indigenous, plentiful, and cost-effective fuel source, municipal solid waste, which will increase the diversity of FPL's fuel supply. *Id.*; Tr. 114 (Hartman). Further, under

the proposed contract and consistent with the requirements of Section 377.709, Florida Statutes, SWA must operate its Expanded Facility reliably because it must function at a minimum seventy percent (70%) capacity billing factor on a twelve (12) month rolling average in order to retain the full amount of the advanced capacity payment. *Id.*; Ex. 2, SWA Response to Commission Staff Request for Production of Documents No. 1. As a result, the Expanded Facility will contribute to FPL's electrical system reliability and integrity.

**ISSUE 3: Is there a need for the SWA Expanded Facility, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?**

**Joint Petitioners:** \*Yes. The SWA Expanded Facility will result in adequate electricity at a reasonable cost because the proposed purchase power contract is cost-effective for FPL's customers. FPL's payments under the contract are lower than FPL's full avoided cost resulting in cost savings to FPL's customers compared to the avoided unit.\*

The Expanded Facility and the associated proposed contract between SWA and FPL will positively enhance FPL's ability to provide adequate electricity at a reasonable cost for its customers. The proposed contract to purchase power from the Expanded Facility is cost-effective for FPL's customers, as FPL's payments under the contract are lower than FPL's full avoided cost resulting in a cost savings to FPL's customers compared to the avoided unit. Tr. 113 (Hartman). In other words, FPL's total cost under the proposed contract in terms of cumulative present value of revenue requirements ("CPVRR") is less than FPL's system cost would be in the absence of the proposed contract. *Id.*

FPL's customers will save money at any output level possible under the proposed contract (45-90 MW) at either a 70% capacity factor or 85% capacity factor. Ex. 5, FPL Response to Commission Staff Interrogatory No 86.h; Tr. 126, 141 (Hartman). These cost savings for FPL's customers result from fuel and environmental cost savings under the proposed

contract. Tr. 126 (Hartman). Customers' cost savings offset any customer bill impacts resulting from FPL's cost recovery associated with its payments for firm capacity and energy under the proposed contract, resulting in a net cost savings to FPL's customers. Tr. 174 (Hartman); Ex. 5, FPL Responses to Commission Staff Interrogatories Nos. 54, 86.h. As a result, the construction of the Expanded Facility and the purchase of its net electrical output pursuant to the proposed contract will increase FPL's ability to provide adequate electricity at a reasonable cost consistent with the cost effectiveness standard in Section 377.709(3)(b), Florida Statutes. Tr. 113 (Hartman).

**ISSUE 4: Is there a need for the SWA Expanded Facility, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?**

**Joint Petitioners:** \*Yes. This renewable energy project and its indigenous fuel source (MSW) will result in increased fuel diversity and fuel supply reliability while reducing reliance on fossil fuels in the production of electricity, with up to 90 MW of additional base load generating capacity, using renewable fuel, made available to FPL.\*

Because this is a renewable energy project with an indigenous fuel source (MSW), there will be an increase in FPL's fuel diversity and fuel supply reliability while reducing reliance on fossil fuels in the production of electricity. With regard to fuel diversity, the Expanded Facility would result in up to 90 MW of additional base load generating capacity using renewable fuel for FPL. Tr. 113-114 (Hartman). The Expanded Facility is expected to have an estimated annual output of 575,000 MWh, which would increase the amount of renewable generation in FPL's resource portfolio and thereby reduce FPL's generation consumption of fossil fuels. *Id.*; Ex. 3, SWA Response to Commission Staff Interrogatory No. 11.

Similarly, the proposed contract will increase FPL's fuel supply reliability. As noted above, the fuel source, MSW, is plentiful and is the primary reason the Expanded Facility is

needed by SWA and Palm Beach County residents. Tr. 114 (Hartman). Fuel supply reliability is further enhanced by the use of MSW as a fuel source because it is locally transported and does not require interstate or international transportation. *Id.* Finally, the Expanded Facility and the proposed contract will directly reduce FPL's consumption of fossil fuels and thereby improve FPL's overall fuel supply reliability. *Id.*

**ISSUE 5: Are there any renewable energy sources and technologies, as well as conservation measures, taken by or reasonably available to Florida Power & Light Company (FPL) or SWA which might mitigate the need for the SWA Expanded Facility as this criterion is used in Section 403.519, Florida Statutes?**

**Joint Petitioners:** \*No. No renewable energy sources, technologies, or conservation measures are reasonably available to mitigate the need for the Expanded Facility. Without the Expanded Facility, SWA will consume scarce landfill capacity at a much greater and unacceptable rate, and FPL has considered all cost-effective, reasonably achievable demand side management (DSM) measures.\*

The Florida Legislature clearly declared in Section 377.709(1), Florida Statutes, that waste-to-energy solid waste facilities such as the Expanded Facility are by nature an effective conservation effort and an environmentally preferred alternative to conventional solid waste disposal in the state of Florida. Tr. 33, 42 (Bruner); Tr. 115 (Hartman). As such, there are no renewable energy sources, technologies, or conservation measures that SWA has not taken or which are reasonably available and proven on the scale required by the Authority to mitigate SWA's need for the Expanded Facility. Tr. 62, 66-67, 75-79 (Pellowitz). SWA needs the Expanded Facility by 2015 to maintain its ability to dispose of MSW in a reliable and environmentally sound manner, and after thorough study, has determined that it is the most reliable, cost-effective, and environmentally sound alternative available to meet SWA's obligations and objectives, particularly its demonstrated long-term need for increased waste

management and disposal capacity, conservation of valuable landfill space, and achievement of the Florida state-mandated 75% recycling goal. *Id.*; Tr. 33-36 (Bruner). Without the Expanded Facility, SWA and Palm Beach County will consume scarce landfill capacity at an unsustainable rate that will be many times greater than with the facility. Tr. 67, 80 (Pellowitz).

SWA demonstrated that additional waste-to-energy capacity is not simply desirable – it is critical to SWA’s fulfillment of its legislative mandate to provide effective solid waste disposal practices and solid waste management for Palm Beach County. Tr. 41 (Bruner). The SWA is specifically required to engage in recycling and resource recovery. As defined in the Special Act, these terms include the use of solid waste as an energy source. Without the Expanded Facility, SWA runs the very real risk of being unable, within a relatively short time frame, to meet its solid waste processing and disposal obligations to the detriment of the citizens of Palm Beach County and potentially the state as a whole. Tr. 40, 42 (Bruner).

From FPL’s standpoint, all cost-effective, reasonably achievable demand side management (DSM) measures consistent with the Commission’s orders in FPL’s DSM goals were recognized in the analysis of the resource options available to FPL as part of the evaluation of the purchase of electrical output from the Expanded Facility, and no such measures would mitigate FPL’s need for the Expanded Facility and the proposed contract. Tr. 115 (Hartman). FPL analyzed its system costs with and without the proposed contract, and in both cases, the analysis reflected compliance with these DSM goals. *Id.* The SWA/FPL contract would increase FPL’s effective conservation efforts through the purchase of power from this renewable energy source. *Id.* Further, as noted above, Section 377.709(1), Florida Statutes, specifically notes that the Legislature has determined that the combustion of solid waste to supplement the electricity supply is itself an effective conservation effort. The Expanded Facility, and the

associated proposed SWA/FPL agreement for the sale and purchase of renewable energy from this facility, will also increase the percentage of reliable renewable energy resources available on the FPL system. Tr. 145-146 (Hartman). This result is consistent with the State's policy of encouraging generation of electricity using renewable energy resources as articulated in Section 366.91, Florida Statutes.

**ISSUE 6: Is the SWA Expanded Facility the most cost-effective alternative available, as this criterion is used in Sections 377.709 and 403.519, Florida Statutes?**

**Joint Petitioners:** \*Yes. The Expanded Facility is the most cost-effective alternative available to SWA to meet its legal obligation to dispose of Palm Beach County's municipal solid waste. FPL's purchase of the output of the Expanded Facility under the terms of the contract is a cost-effective alternative for FPL.\*

SWA uses a variety of methods to dispose of waste, and expansion of its Existing Facility is not only necessary but the most cost-effective alternative available to SWA to meet its legal obligation to dispose of Palm Beach County's municipal solid waste while meeting the Authority's waste reduction, landfill conservation, and renewable energy objectives. Tr. 65, 67 (Pellowitz). SWA conducts yearly in-depth analyses of its landfills and associated operations that help it identify potential critical points in time by which affirmative action on the part of SWA is required. Tr. 36 (Bruner); Tr. 67-70 (Pellowitz); Ex. 12 (DJP-1).

SWA considered alternatives to the Expanded Facility, including increased recycling, increased landfill disposal, incineration without energy recovery, and exporting MSW to third parties. Tr. 36 (Bruner); Tr. 67 (Pellowitz). The Expanded Facility is a crucial component of SWA's integrated solid waste management program, a program that is well-planned, cost-effective, and environmentally beneficial. Tr. 43 (Bruner); Tr. 77-79 (Pellowitz). Without the Expanded Facility, up to 3,000 tons per day of MSW will be sent to landfills with negative economic and environmental consequences. *Id.* Moreover, without the Expanded Facility, SWA

would be forced to landfill increasing amounts of MSW, or to incinerate the MSW without generating electricity from the process, with the result that the state of Florida as a whole will be denied all of the benefits of such solid waste disposal measure as recognized by the Legislature, and the citizens within the area served by SWA will be unnecessarily burdened with substantial additional disposal costs that would otherwise be reduced or mitigated by revenues from the sale of electricity. *Id.*

FPL's purchase of the output of the Expanded Facility under the terms of the contract is a cost-effective alternative for FPL. The contract results in system cost savings on a cumulative present value of revenue requirements (CPVRR) basis over the life of the contract, including displacing higher cost generation in earlier years and recognizing the capacity cost benefit of offsetting/deferring a portion of the capacity needs of the next avoided unit. Tr. 114 (Hartman). The Expanded Facility provides economic and environmental benefits to the customers of SWA, most of whom are also FPL customers. Tr. 115 (Hartman). FPL's latest Ten-Year Site Plan projects that there will be a need for additional capacity in the year 2016. Tr. 149 (Hartman). FPL has a need for additional capacity of 374 MW based on its 2011 Ten-Year Site Plan. Ex. 7, p. 25. The contract cost is lower than FPL's avoided cost and demonstrates a cost benefit to FPL's customers. Tr. 118 (Hartman). FPL's customers would receive approximately \$80 million worth of value of deferral (*i.e.*, net present value of FPL's avoided capacity costs) that they are receiving at a cost of approximately \$56 million. Tr. 161 (Hartman). Consequently, the cost savings for FPL's customers is derived from the deferral of approximately 90 MW of capacity that FPL would have to otherwise generate but for the contract to purchase capacity from SWA, as well as substantial savings in FPL system fuel and environmental costs associated with the energy deliveries from SWA. Tr. 162 (Hartman).

**ISSUE 7: Is the proposed contract between SWA and FPL reasonable, prudent, and in the best interest of FPL's customers and appropriate and consistent with the provisions of Section 377.709, Florida Statutes?**

**Joint Petitioners:** \*Yes. The proposed contract is reasonable, prudent, and in the best interest of FPL's customers and consistent with Section 377.709, Florida Statutes, because (1) the contract is priced lower than FPL's avoided cost resulting in significant cost savings, and (2) the contract provides greater renewable energy generation for FPL's system.\*

The fact that the contract cost is significantly lower than FPL's avoided cost demonstrates a cost savings to FPL's customers, which is reasonable, prudent, and in the best interest of FPL's customers and consistent with Section 377.709, Florida Statutes. The contract to purchase power from the Expanded Facility is cost-effective for FPL's customers. Tr. 125 (Hartman). The SWA Expanded Facility would displace between 45 and 90 MW from higher cost units on FPL's system. Tr. 169 (Hartman). The proposed contract complies with the advance funding mechanism of Section 377.709, Florida Statutes, which specifies that the advanced funding will be the lower of present value of the value of deferral capacity payments for the electrical component of the Expanded Facility. Ex. 7, p. 14. Moreover, Section 377.709 specifies that if SWA operates the Expanded Facility at less than seventy percent (70%) capacity factor, then FPL's customers will receive a refund on a pro rata basis with interest for the capacity that was paid in advance. Ex. 7, p. 18.

The advanced capacity payment is also beneficial for SWA and its customers. Tr. 82-83 (Pellowitz). The advanced capacity payment will facilitate the construction of the Expanded Facility by allowing SWA to avoid the need for a separate taxable bond issue to fund the acquisition of the electrical component for the Expanded Facility because it cannot be funded with tax-free financing. Tr. 49-50 (Bruner). Federal tax regulations prohibit SWA from

financing the electrical generation component of a solid waste facility with tax exempt debt, so the advanced capacity payment is intended to and will fund the \$56,643,942 budgeted cost of the expanded facility's electrical component. Tr. 63, 83 (Pellowitz).

The energy pricing on the contract is tied to the Ten-Year Site Plan's avoided unit (2016), which would be the most efficient unit on FPL's system; therefore it would be the lowest energy cost and would displace higher cost units. Tr. 169 (Hartman). This means that FPL customers will benefit from fuel savings, variable operation and maintenance savings, and environmental savings, which all outweigh the costs that FPL will recover from its customers. *Id.* The energy pricing is set below FPL's avoided costs until the in-service date of FPL's next avoided unit, and from the in-service date, it is the energy cost associated with the avoided cost. Tr. 125 (Hartman).

From SWA's perspective, the energy payments from FPL under the proposed contract will provide SWA with a stream of revenues that will contribute to SWA achieving its financial objectives for the Expanded Facility. Tr. 83 (Pellowitz). Under the proposed contract, SWA is able to elect a percentage of the energy payment that will be fixed. Ex. 2, SWA Response to Commission Staff Request for Production of Documents No. 1; Tr. 92-94 (Pellowitz). This contract term is important to SWA because it promotes rate stability by fixing a portion of the energy revenues while permitting SWA to also benefit from future energy pricing increases. *Id.* Likewise, this energy payment methodology will provide stability for FPL and its customers and also allow FPL's customers to benefit if energy prices decrease. *Id.* This methodology is consistent with Section 377.709(5)(a), F.S., which states, in part, "the commission shall authorize levelized payments for purchase of capacity or energy from a local government solid

waste management facility” and represents a reasonable approach that will benefit the customers of both SWA and FPL. Ex. 5, FPL Response to Commission Staff Interrogatory No. 63(b).

**The Proposed Contract Will Result in Cost Savings for the Customers of FPL.**

The advanced capacity payment is the lower of the value to FPL’s customers of the capacity provided by the facility or the design cost of the electrical component of the Expanded Facility. Tr. 125 (Hartman). Looking at the capacity range based on a committed output for the Expanded Facility of 45 MW, which is the minimum under the contract, to 90 MW, which is the maximum committed capacity under the contract, and a capacity factor for the unit from the minimum seventy percent (70%) to eighty-five percent (85%), which is the historic performance level for SWA’s existing unit, the projected savings for FPL’s customers under the proposed contract range from a minimum of \$4 million to the expected cost savings of approximately \$67 million. Tr. 141 (Hartman); Ex. 5, FPL Response to Commission Staff Interrogatory No. 86.h.

So under every scenario and combination of avoided unit permitted under the proposed contract, the contract will produce cost savings for FPL’s customers. Tr. 142 (Hartman). These cost savings are based on the 2016 avoided unit identified in FPL’s 2011 Ten-Year Site Plan. Importantly, SWA has increased the minimum capacity that it will commit to FPL to 70 MW, although the final committed capacity is expected to be higher. Tr. 92 (Pellowitz); Exs. 8 and 9 (SWA Supplemental Response to Staff Interrogatory No. 23.c). This increase in the minimum committed capacity from 45MW to 70 MW means the proposed contract will be more favorable and cost-effective to FPL’s customers. Tr. 162 (Hartman).<sup>1</sup>

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<sup>1</sup> Regardless of the final committed capacity, Section 4.1 of the proposed contract requires that “. . . the Authority shall sell to FPL and FPL shall purchase from the Authority all of the Energy and Capacity in excess of the Authority’s internal consumption of energy and capacity . . .”.

Alternatively, using the 2025 avoided unit identified in the 2010 Ten-Year Site Plan, the contract saves FPL's customers a minimum of \$17 million and a maximum of \$55 million. Tr. 141 (Hartman). Therefore, under every scenario using either the 2016 or 2025 avoided unit, the contract produces savings for FPL's customers. *Id.* The cost savings to FPL's customers are higher and more readily apparent utilizing FPL's current 2011 Ten-Year Site Plan. Moreover, the differential system average customer bill impact for 1,200 KWh shows the overall impact of the proposed contract to FPL's customers is a decrease of \$.13 to \$.15 cents in their monthly electrical bills as a result. Tr. 143-144, 174 (Hartman). In other words, the monthly electric bills for FPL's customers will go down as a result of the proposed contract. *Id.*

The main drivers in the proposed contract that result in FPL customer cost savings are the environmental and fuel savings. Ex. 7, p. 19. Part of the environmental cost savings are associated with savings on carbon dioxide emissions, nitrogen oxide emissions, and sulfur dioxide emissions. Ex. 7, pp. 19-20. FPL's customers would bear no costs for any emissions from the SWA Expanded Facility. Tr. 163 (Hartman). There will also be the added FPL customer benefit of an increase in FPL's renewable generation fuel portfolio from the purchase of capacity from the SWA Expanded Facility. Tr. 144-145 (Hartman).

**ISSUE 8: Is FPL's proposal to recover the advanced capacity payment to SWA through the Energy Conservation Cost Recovery Clause pursuant to Section 377.709, F.S., and consistent with Rules 25-17.200 through 25-17.310, F.A.C.?**

**Joint Petitioners:** \*Yes. FPL's proposal is consistent with Section 377.709, F.S., and Rules 25-17.200 through 25-17.310, F.A.C. The contract is in the best interest of FPL's customers as FPL proposes to recover the advanced capacity payment costs from its customers over the time period when the customers receive a capacity benefit.\*

FPL is unaware of any proposal that has been brought to the Commission for approval under Section 377.709, Florida Statutes, in the past, and nothing in Rules 25-17.200 through 25-

17.310, F.A.C., expressly addresses cost recovery for an advanced capacity payment under Section 377.709, Florida Statutes.

FPL has proposed a recovery mechanism that is consistent with Section 377.709, Florida Statutes, and the contract is in the best interest of FPL's customers whereby FPL recovers the advanced capacity payment costs from its customers over the duration of the contract. Both the Commission and the Legislature have found MSW facilities to be effective conservation measures, and the ECCR clause is intended to enable recovery of a utility's costs for its Commission-approved conservation measures. Tr. 121 (Hartman). Since the contract provides an up-front advanced capacity payment to SWA for capacity during the term of the proposed contract, FPL will finance the payment through its balance sheet, and in this manner, FPL's customers payment for the capacity in the contract more closely ties to when the customers receive the benefit of that capacity. Tr. 126 (Hartman). This is consistent with Commission practice, whereby the Commission has allowed recovery over time of investments by FPL under the Environmental Cost Recovery Clause (ECRC), the other cost recovery clause under FEECA. Tr. 158-159 (Hartman).

**ISSUE 9: Should the Commission allow FPL to recover from its customers the advanced capacity payment associated with the Expanded Facility's electrical component made to SWA pursuant to and/or resulting from the proposed contract, as well as the carrying costs and administrative costs incurred by FPL through the Energy Conservation Cost Recovery Clause (ECCR), pursuant to Section 377.709, F.S.?**

**Joint Petitioners:** \*Yes, under Section 377.709(3)(b)(4), F.S., FPL should be permitted to recover from its customers through the ECCR the advanced capacity payment associated with the Expanded Facility's electrical component under the proposed contract, including the amount of financing, all carrying costs, and all reasonable and prudent administrative costs incurred by FPL.\*

Section 377.709(3)(b)(4), Florida Statutes, clearly states that an electric utility is entitled to recover from its customers costs associated with providing advanced funding to a local government for construction of a solid waste facility, such as the SWA's Expanded Facility, under the provisions of the Florida Energy Efficiency and Conservation Act (FEECA). Specifically, FPL is entitled to recover the amount of financing, including all carrying costs, plus reasonable and prudent administrative costs incurred by FPL associated with the construction of the electrical component of SWA's solid waste facility. Tr. 175 (Hartman).

As noted above, the Florida Legislature has declared that the combustion of refuse by solid waste facilities to supplement the electricity supply not only represents an effective conservation effort but also represents an environmentally preferred alternative to conventional solid waste disposal in the state. Fla. Stat. § 377.709(1). The legislative intent is clear that since the SWA Expanded Facility is a conservation measure, it is permissible for FPL to recover its financing for the Expanded Facility in the form of an advanced capacity payment from its customers through the Energy Conservation Cost Recovery Clause ("ECCR"). Tr. 48 (Bruner). That advanced capacity payment is the lesser of the net present value of FPL's avoided capacity cost or the design costs of the electrical component. Fla. Stat. § 377.709(3)(b)(1). The net present value of the Ten-Year Site Plan's 2016 avoided capacity cost calculated over the life of the SWA contract based on a 90 MW plant is approximately \$85,874,425.00. Ex. 5, FPL Response to Commission Staff Interrogatory No. 1. The budgeted cost of the electrical component for the Expanded Facility is approximately \$56,643,942.00. Tr. 49 (Bruner). Therefore, the cost recovery established by Section 377.709 under these circumstances would be the budgeted cost of the electrical component for the Expanded Facility.

In addition, the firm capacity and energy from the Expanded Facility can reasonably be expected to contribute to the potential deferral of FPL's next planned fossil generating unit and to provide physical fuel diversity as well as fuel price stability to FPL and its customers. Tr. 122 (Hartman). By financing the advanced capacity payment, FPL is reasonably matching up its customers' payments for the advanced capacity payment with the benefits those same customers are receiving through energy and fuel cost savings. Tr. 176 (Hartman) Upon expiration of the contract, SWA will have fulfilled its commitment of providing capacity at a price less than FPL's avoided capacity cost, and FPL's customers will have received the capacity value for which they have paid. Ex. 5, FPL Response to Commission Staff Interrogatory No. 25. Therefore, with Commission authorization for the recovery of these costs, FPL can provide the requested advance funding to SWA.

**ISSUE 9(a): If yes, what amount should FPL be allowed to recover from its ratepayers?**

**Joint Petitioners:** \*FPL should be allowed to recover from its customers the entire amount of the advanced capacity payment made to SWA plus FPL's carrying costs and reasonable and prudent administrative costs. The advanced capacity payment, based on the design cost of the electrical component of SWA's Expanded Facility, is \$56,643,942.00.\*

Pursuant to Section 377.709(3)(b)(1), Florida Statutes, the advance capacity payment recovered should be the lower of the deferred capacity value of FPL's avoided unit, *i.e.*, the net present value of FPL's avoided capacity costs, or the design cost (*i.e.*, budgeted cost) of the electrical component for the Expanded Facility, of which the design cost of the electrical component is the lower number based on the uncontradicted record in this proceeding. FPL should be permitted to recover through the ECCR the entire amount of the advanced capacity payment made by FPL to SWA that is associated with the Expanded Facility's electrical component as well as the associated financing and administrative costs. The advanced capacity

payment based on the firm design cost of the electrical component of SWA's Expanded Facility is \$56,643,942.00. Tr. 49 (Bruner); Tr. 175 (Hartman); Ex. 5, FPL Response to Commission Staff Interrogatory No. 1; Ex. 8 (SWA Supplemental Response to Staff Interrogatories Nos. 10, 17, 25(f), and 25(g)).

**The Design Cost of the Electrical Component is the Budgeted Cost to Construct the Component.**

Section 377.709(3)(b)(1), Florida Statutes, uses the term "design costs of the electrical component of the solid waste facility" in connection with the amount of the advanced capacity payment from a utility to a local government. This term represents more than merely the "cost of design" of the electrical component, *i.e.*, engineering fees and professional charges for the design of the electrical component. Tr. 44-45 (Bruner); Tr. 88-89 (Pellowitz). Section 377.709, its legislative history, legislative intent, and the Commission's practice clearly demonstrate that this term is equivalent to the entire budgeted cost to construct the electrical component of the Expanded Facility. Tr. 87-88 (Pellowitz); Ex. 2, SWA Responses to Commission Staff Interrogatories Nos. 9(b) and 25.

The purpose of Section 377.709, Florida Statutes, is to provide local governments with a source of up-front funding for construction of a turbine, generator, and associated transmission facilities in connection with a solid waste facility. *See Fla. Stat. § 377.709(3)(a)*, which describes the payment as "advance funding . . . for the construction of the electrical component of a solid waste facility."

Section 377.709(3)(b)(1), Florida Statutes, sets a cap on advanced capacity payments by establishing that the utility shall pay no more than the net present value of its avoided-capacity costs or the design costs of the solid waste facility's electrical component, whichever is lower.

That is, the utility may not pay more than its own avoided costs (on a net present value basis) or the design costs of the solid waste facility's electrical component (defined as the turbine, generator, and associated transmission facilities), whichever is lower.

By its terms, Section 377.709(3) calls for funding construction of the solid waste facility's electrical component in advance – before construction – and therefore before the actual completed cost of such construction is known. Accordingly, funding is based on the electrical component's "design costs" rather than the actual as-built costs. The term "design costs" is not specifically defined in the statute, but clearly is intended to capture the overall cost to construct the electrical component and place it into service as designed. Any other definition would be inconsistent with the clear language of the statute, the legislative intent, its legislative history, and the Commission's practice.

Section 377.709, Florida Statutes, was enacted in 1984 specifically to permit utilities to provide advance funding for the power generation portion of the local government solid waste facilities. The legislative staff analysis for CS/SB 573 (enacted as Chapter 84-198, Laws of Florida and codified as Section 377.709, Florida Statutes) identifies construction cost as an "obstacle" to the use of generating facilities in connection with local government solid waste facilities; notes that the bill would authorize the Commission to require an electric utility "to provide advance funding for the construction of the electrical component of a [local government] solid waste facility"; and explains that a utility's "funding of the power generation portion of a solid waste facility" would provide the utility's ratepayers with substantial savings. Ex. 2, SWA Response to Commission Staff Interrogatory No. 9.b. The legislative analysis expressly declares that "[t]his bill would allow local governments to obtain financing for the electrical generation portion of their solid waste facilities **with no direct cost to them. Utility ratepayers will**

**ultimately pay for these facilities.**” (emphasis added) The advanced capacity payment is helpful to the SWA in connection with its construction of the Expanded Facility, because tax-exempt financing – which is SWA’s traditional source of funding for capital projects – cannot be used for funding the electrical component.<sup>2</sup> Tr. 50 (Bruner); Tr. 63, 83 (Pellowitz).

This legislative analysis further references an analysis by Commission Staff “of the potential savings to the ratepayers resulting from the funding of the power generation portion of a solid waste facility.” Ex. 2, SWA Response to Commission Staff Interrogatory No. 9.b. This Commission Staff analysis, dated March 16, 1984, clearly envisioned that the funding would be for the estimated costs of the electrical components as placed into service – not merely the cost to design them. Ex. 2, SWA Response to Commission Staff Interrogatory No. 9.b. Although the language of the statute is perfectly clear, and unassailable as to its intent and purpose, the legislative staff analysis and Commission Staff analysis provide further support for the clear legislative intent that the electric utility would fund the entire cost of constructing the solid waste facility’s electrical component – not just some arbitrary portion of this cost – unless the utility’s own avoided cost was lower.

In addition, use of the term “design costs” to include procurement and construction of an entire project is consistent with Commission practice. In those instances when the Commission must set rates based on facilities that have not yet been constructed, it has based those rates on the design costs of the proposed facilities. *See e.g.*, Order No. PSC-08-0228-PAA-WS, issued in Docket No. 060602-WS on April 7, 2008 (Commission approved rates to permit an opportunity to recover the cost of facilities that had not yet been built, noting that the “[p]roposed rates are

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<sup>2</sup> Though the advanced capacity payment will allow the SWA to avoid a separate “taxable” bond issue to fund the acquisition of the electrical component, taxable financing is available to the SWA as a secondary, less preferable financing alternative. Tr. 49-50 (Bruner).

based on the projected design costs for Phases I & II [of the construction], which are intended to be constructed in the first 9 years.”); *see also* Order No. PSC-07-0983-PAA-WS, issued in Docket No. 060726-WS on December 10, 2007 (setting bulk rates based on the cost of proposed facilities to be constructed in the future, if the utility had a firm contract for bulk water at specified capacities, noting that “proposed bulk rates are based on the projected design cost for facilities at those respective capacities.”). Clearly, the rates in those Commission dockets were established in order to provide the utility an opportunity to earn a return on its entire investment in the proposed facilities, not just a portion thereof.

Accordingly, the plain language of the statute, as well as its legislative history, legislative intent, and the Commission’s practice demonstrate that the term “design costs” as used in Section 377.709, Florida Statutes, means the overall cost to procure and construct the electrical component and place it into service as designed – in other words, the same amount that would go into rate base if this same equipment were placed into service by a public utility. Any other meaning would not only be inconsistent with the statute, its legislative history and intent, and Commission practice, but would result in the local government subsidizing the utility’s ratepayers by receiving less than the utility’s avoided cost without recovering the cost of the electrical component.

**The Advanced Payment Does Not Imply Ownership Of the Electrical Component or its Output**

During the hearing in this docket, it was suggested that an advanced capacity payment from FPL to SWA as provided in Section 377.709 should somehow entitle FPL’s ratepayers to the output of the Expanded Facility beyond the term of the proposed agreement. There is no

support for this proposition in Section 377.709, Florida Statutes, or the Commission's rules and orders.

Neither the advanced-capacity funding mechanism for the electrical component of a municipal solid waste facility nor anything else in Section 377.709 implies that the utility would either own any portion of the electrical component funded by the advanced capacity payment or gain entitlement to the output thereof beyond the term of the parties' contract. To the contrary, the statute clearly identifies the payment as an advance payment for capacity only during the life of the contract.

Further, the testimony in this case clearly demonstrates that the funding mechanism for the electrical component as authorized in Section 377.709 is consistent with the Commission's longstanding standard offer contract, avoided capacity cost concept, under which the capacity price for a contract is calculated on a year-by-year basis, using the value of deferral method. Tr. 156-158 (Hartman). FPL witness Hartman stated that although a capacity payment under the Commission's rules could produce enough revenue to pay for a power plant, neither the utility nor its customers gain an ownership interest in the generating facility or become entitled to its output after the contract expires.<sup>3</sup> The fact that the useful life of a generating facility may be longer than the term of the contract is irrelevant; FPL's customers save money because the advanced capacity payment does not exceed the net present value of the utility's avoided capacity cost for the specified term of years under the proposed contract. The funding

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<sup>3</sup> Accordingly, it is clearly unreasonable to propose that a utility's customers should be entitled to capacity from a municipal solid waste facility beyond the term of the cost-effective contract, simply because the utility made an advanced capacity payment to fund the electrical component under Section 377.709. Unlike the standard offer contract situation discussed by FPL witness Hartman, in which capacity payments routinely produce sufficient revenue to build a complete power plant, the advanced capacity payment to SWA will fund only the electrical component of the Expanded Facility. The electrical component is not a power plant; it represents only a small fraction of the total cost to construct the Expanded Facility and place it into service. Tr. 30 (Bruner). SWA and its customers must fund the hundreds of millions of dollars necessary to build the Expanded Facility, without which the electrical component could not operate.

mechanism supplied by Section 377.709 clearly is exactly what it states: a capacity payment that is paid in advance, in exchange for the right to the electrical capacity and energy produced by the electrical component of the solid waste facility during the specified term of its contract with the utility. Tr. 125, 155-159, 176 (Hartman).

**ISSUE 9(b): To the extent FPL incurs firm capacity costs associated with the contract between SWA and FPL that are not recovered through the ECCR, should FPL be allowed to recover those costs through the capacity clause?**

**Joint Petitioners:** \*Yes. FPL should be permitted to recover firm capacity costs associated with the proposed contract, if any, through the Capacity Clause, if the Commission does not permit recovery of such costs through the ECCR.\*

FPL should be permitted to recover firm capacity costs associated with the proposed contract, if any, through the Capacity Cost Recovery Clause (“Capacity Clause”), if the Commission does not permit recovery of such costs through the ECCR. The Florida Legislature has clearly sought to promote the development of renewable energy, diversify the types of fuel used to generate electricity, lessen Florida’s dependence on natural gas and fuel oil for production of electricity, and minimize the costs of power supply to electric utilities and their customers. Fla. Stat. § 366.92. The record in this proceeding demonstrates without contradiction that the proposed contract between SWA and FPL achieves these goals.

FPL and other investor owned utilities are routinely authorized to recover through the Capacity Clause the full measure of prudently incurred capacity payments made in connection with power purchases. It would be inconsistent with that precedent and would serve as a serious disincentive to the development of renewable energy if the Commission did not permit full recovery of capacity costs paid by FPL to SWA, through the ECCR and/or the Capacity Clause. Therefore, should the Commission not permit cost recovery for FPL under the ECCR, then cost recovery should be permitted under the Capacity Clause consistent with Commission precedent

for cost recovery of utility capacity costs. See, *e.g.*, Order No. PSC-92-0414-FOF-EQ, issued in Docket No. 910794-EQ on May 27, 1992 (permitting recovery for electric utility payments for purchase power capacity costs for purchase power contracts entered into since the electric utility's last rate case through the capacity recovery factor, *i.e.*, Capacity Clause); Order No. 25773, issued in Docket No. 910794-EQ on February 24, 1992 (establishing the capacity recovery factor for electric utilities for recovery of purchase power capacity costs).

**ISSUE 10: Should FPL be allowed to recover from its customers all payments for energy made to SWA pursuant to and/or resulting from the proposed contract between SWA and FPL through the Fuel and Purchased Power Cost Recovery Clause?**

**Joint Petitioners:** \*Yes. FPL should be allowed to recover all payments for energy made to SWA pursuant to the proposed contract through the Fuel and Purchased Power Cost Recovery Clause.\*

FPL should be allowed to recover all payments for energy made to SWA pursuant to the proposed contract through the Fuel and Purchased Power Cost Recovery Clause ("Fuel Clause"). The energy pricing for the proposed contract is tied to the avoided unit in FPL's Ten-Year Site Plan, which would be the most efficient unit on FPL's system; therefore, it would be the lowest energy cost and would displace higher cost units. Tr. 169 (Hartman). This means that FPL customers will benefit from fuel savings, variable operation and maintenance savings, and environmental savings, which all outweigh the costs that FPL will recover from its customers. *Id.* The energy pricing is set below FPL's avoided costs until the in-service date of FPL's next avoided unit, and from the in-service date, it is the energy cost associated with the avoided cost. Tr. 125 (Hartman).

Further, as noted above, the Florida Legislature has clearly sought to promote the development of renewable energy, diversify the types of fuel used to generate electricity, lessen

Florida's dependence on natural gas and fuel oil for production of electricity, and minimize the costs of power supply to electric utilities and their customers, and the record clearly demonstrates that the proposed contract achieves these goals. Fla. Stat. § 366.92. The record in this proceeding demonstrates without contradiction that the proposed contract between SWA and FPL achieves these goals.

FPL and other investor owned utilities are routinely authorized to recover through the Fuel Clause the full measure of prudently incurred energy payments made in connection with power purchases. It would be inconsistent with that precedent and would serve as a serious disincentive to the development of renewable energy if the Commission did not permit full recovery through the Fuel Clause of FPL's energy payments to SWA. Therefore, cost recovery for energy payments under the proposed contract should be permitted under the Fuel Clause consistent with Commission precedent. See, e.g., Order No. 18021, issued in Docket No. 861308-EI on August 21, 1987 (permitting recovery of an electric utility's energy payments under a purchase power agreement through the Fuel Clause); Order No. 17753, issued in Docket No. 870173-EI on June 26, 1987 (permitting recovery for FPL's payments to SWA for energy and capacity purchase power costs for SWA's existing facility through the Fuel Clause).

**ISSUE 11: Based on the resolution of the foregoing issues, should the Commission grant the Joint Petition for Modification to Determination of Need by SWA and FPL and for Recovery of Purchased Power Contract Costs?**

**Joint Petitioners:** \*Yes. The Commission should grant the Joint Petition with approval of (1) the requested Modification to the Determination of Need, (2) the proposed purchase power agreement between SWA and FPL, and (3) the requested cost recovery and regulatory accounting treatment associated for FPL with the proposed purchase power agreement.\*

The Commission should grant the Joint Petition with approval of (1) the requested Modification to the Determination of Need, (2) the proposed purchase power agreement between

SWA and FPL, and (3) the requested cost recovery and regulatory accounting treatment associated for FPL with the proposed purchase power agreement.

The record overwhelmingly establishes that SWA's Expanded Facility and the associated proposed purchase power contract with FPL will result in significant benefits for the customers of SWA and FPL. The evidence demonstrates that the Expanded Facility will meet SWA's need for effective and efficient disposal of MSW in Palm Beach County for SWA's customers and the resulting renewable energy electrical output will produce certain cost savings for the customers of FPL. Tr. 29, 32-33, 36-38 (Bruner); Tr. 62, 67, 75-79 (Pellowitz); Tr. 114 (Hartman).

Without the Expanded Facility and the proposed contract, SWA will use up its scarce landfill resources at an increased rate, and FPL's customers will not enjoy the associated cost savings from the Expanded Facility's electrical output and the added benefit of increased renewable energy generation. *Id.* Accordingly, it is strongly in the best interests of the customers of SWA and FPL to grant the relief requested in the Joint Petition.

**ISSUE 12: Should this docket be closed?**

**Joint Petitioners:** \*Yes, this docket should be closed upon issuance of a final order granting the Joint Petition.\*

Respectfully submitted on this 9<sup>th</sup> day of May, 2011.

*/s/ Marsha E. Rule*

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**CERTIFICATE OF SERVICE**

I hereby certify the foregoing has been served by U. S. mail and email the following persons on this 9<sup>th</sup> day of May, 2011:

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*/s/ Marsha E. Rule*

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