

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for  
Dania Beach Clean Energy Center Unit 7, by  
Florida Power & Light Company.

DOCKET NO. 20170225-EI  
ORDER NO. PSC-2018-0037-PHO-EI  
ISSUED: January 12, 2018

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on January 10, 2018, in Tallahassee, Florida, before Commissioner Gary F. Clark, as Prehearing Officer.

APPEARANCES:

WILLIAM P. COX, KEVIN I.C. DONALDSON, ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida 33408, and MICHAEL MARCIL, ESQUIRE, Gunster, 450 E. Las Olas Blvd., Fort Lauderdale, FL 33301  
On behalf of FLORIDA POWER AND LIGHT COMPANY (FPL).

JULIE KAPLAN, DIANA CSANK, ESQUIRES; MICHAEL LENOFF, LEGAL FELLOW, 50 F Street NW, Eighth Floor, Washington, District of Columbia 20001  
On behalf of SIERRA CLUB.

PATRICIA A. CHRISTENSEN, ASSOCIATE PUBLIC COUNSEL, and J.R. KELLY, PUBLIC COUNSEL, 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).

CHARLES W. MURPHY, STEPHANIE A. CUELLO, and RACHAEL DZIECHCIARZ, ESQUIRES, 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  
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Florida Public Service Commission General Counsel

## **PREHEARING ORDER**

### **I. CASE BACKGROUND**

On October 20, 2017, pursuant to Chapter 366, Florida Statutes (F.S.), and Rule 25-22.080 through Rule 25-22.082 and 28-106.201, Florida Administrative Code (F.A.C.), Florida Power & Light (FPL) petitioned the Florida Public Service Commission (Commission) for a determination of need for Dania Beach Clean Energy Center Unit 7. FPL proposes to construct a natural gas-fired combined cycle power plant, with an expected summer peak rating of 1,163 megawatts (MW), at the site of FPL's existing Lauderdale plant site in Broward County, Florida.

On October 21, 2017, the Office of Public Counsel (OPC) filed its Notice of Intervention. The Order Establishing Procedure, Order No. PSC-2017-0426-PCO-EI, was issued on November 6, 2017. The issues for the docket were set forth in Order No. PSC-2017-0447-PCO-EI, issued on November 17, 2017. On that same day, by Order No. PSC-2017-0448-PCO-EI, the Sierra Club was granted intervention. On December 20, 2017, by Order No. PSC-2017-0476-PCO-EI, the hearing dates for this docket were changed from January 18-19, 2018 to January 17-18, 2018.

### **II. CONDUCT OF PROCEEDINGS**

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 Chapter 366 and Section 403.519, F.S. This hearing will be governed by said statutes 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.

It is the policy of this Commission that all Commission hearings 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 that has not been filed as prefiled testimony or prefiled exhibits, 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**

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are 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 or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit 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 Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

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 a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

**VI. ORDER OF WITNESSES**

| <u>Witness</u>          | <u>Proffered By</u> | <u>Issues #</u>  |
|-------------------------|---------------------|------------------|
| <u>Direct</u>           |                     |                  |
| Steven R. Sim           | FPL                 | 1, 2, 3, 4, 5, 6 |
| Richard Feldman         | FPL                 | 1, 3             |
| Jacquelyn K. Kingston   | FPL                 | 1, 2, 3          |
| Heather C. Stubblefield | FPL                 | 3, 4             |
| Dr. Ezra Hausman        | Sierra Club         | 1-6              |
| <u>Rebuttal</u>         |                     |                  |
| Hector J. Sanchez       | FPL                 | 1, 3             |
| Steven R. Sim           | FPL                 | 1, 2, 3, 4, 5, 6 |

## **VII. BASIC POSITIONS**

**FPL:** FPL has petitioned the Commission for an affirmative determination of need for the construction of a combined cycle (“CC”) generating unit at the site of FPL’s existing Lauderdale power plant in Broward County, Florida, which will utilize existing facilities, including transmission line, substation facilities, and gas infrastructure, to integrate, interconnect, and transmit energy from this site to FPL’s transmission network for delivery to customers. The unit and associated facilities are collectively referred to as the Dania Beach Clean Energy Center Unit 7 (“DBEC Unit 7”)

FPL proposes to build a new 2-on-1 (“2x1”) CC unit sited at FPL’s existing Lauderdale plant site in Broward County, Florida. The new CC unit, DBEC Unit 7, will replace the older, less efficient existing Lauderdale Units 4 & 5 currently at the site. These older CC units will be retired in 2018 prior to beginning construction of the new CC unit. This modernization of the Lauderdale site is projected to be completed by June 2022.

The Project is projected to provide \$337 million cumulative present value of revenue requirements (“CPVRR”) in savings to FPL’s customers compared to keeping the existing Lauderdale Units 4 & 5 operating with their higher operational and fuel costs. It will also enhance FPL’s system reliability by increasing two reserve margin criteria and enhancing the load-generation balance in the Southeastern Florida region of FPL’s service territory. In addition, the Project would defer the need for future capacity additions, and the unit’s high fuel efficiency will result in less natural gas burned on the FPL system than would be the case if the existing Lauderdale Units 4 & 5 remained in operation. Beyond the fuel savings, system reliability improvements, and air emission reductions, DBEC Unit 7 is estimated to generate significant economic benefits, including millions of dollars in tax revenues for local governments and school districts, and a number of temporary and permanent jobs.

Thus, the proposed modernization of the existing Lauderdale plant site with a new 2x1 CC unit, DBEC Unit 7, is projected to result in economic, reliability, and fuel usage benefits for FPL’s customers. For these reasons and for those set forth more fully in FPL’s Petition and pre-filed testimony, FPL satisfies the statutory elements for granting an affirmative determination of need for DBEC Unit 7 with an in-service date of June 1, 2022, pursuant to Section 403.519, Florida Statutes.

### **SIERRA CLUB:**

Florida Power & Light Company (FPL) has failed to demonstrate a need, as required by section 403.519(3), F.S., to bring on line in June 2022 the Dania Beach Clean Energy Center Unit 7 (DBEC). To the contrary, FPL’s own projections show neither a reserve margin need nor a Southeastern Florida system imbalance until at the earliest 2024. Therefore, fundamentally, no valid reason

exists to gamble \$888 million of ratepayers' money to bring DBEC on line in 2022, when doing so gratuitously extends by another four decades (the expected life of DBEC) ratepayers' exposure to the costs and risks of importing gas so that DBEC may operate. Bringing DBEC on line in 2022 is also rash because the record demonstrates that flexible, low-cost, low-risk resources such as solar and energy efficiency are available to FPL, but FPL has failed to properly investigate these alternatives to DBEC.

The evidence establishes that FPL's reserve margin and Southeast Florida system balance needs can both be met while retiring the two existing units (Units 4 and 5) at FPL's Lauderdale plant site, in 2018, and only bringing new generation on line when a reserve margin shortfall is projected to arise, which is not until 2024 at the earliest. Moreover, the evidence establishes that this would be less costly than FPL's proposed project – which involves retiring Lauderdale 4 and 5 in 2018 and bringing DBEC into service in 2022. Accordingly, FPL has not shown that DBEC is the most cost-effective alternative.

Nor has FPL shown that it has fairly compared the costs of the DBEC to costs of incrementally adding clean energy resources. Just as FPL has failed to establish that DBEC is the most cost-effective alternative, it has also ignored its obligation to utilize reasonably available renewable energy sources and technologies or conservation measures to mitigate the need for the DBEC. FPL's only consideration of clean energy resources—its "Plan 3"—evaluates an arbitrarily constrained and unnecessarily expensive renewable energy 'strawman' and makes no serious effort to consider more cost-effective alternatives. Moreover, it is patently obvious that adding 1,163 MW of gas to a system already overburdened with gas cannot possibly, in any rational world, be found to promote fuel diversity; this is all the more egregious because FPL's own plans to add solar to its system evidence how cost competitive solar now is.

Ultimately, "FPL has the burden of proof" in this proceeding. *See In re: Petition for exemption under Rule 25 -22.082(18), F.A.C., from issuing a request for proposals (RFPs) for modernization of the Lauderdale Plant, by Florida Power & Light Company*, Order No. PSC-2017-0358-PCO-EI at 4-5, in Docket No. 20170122-EI (September 20, 2017); *see also In re: Petition to determine need for Florida EnergySecure Pipeline by Florida Power & Light Company*, Order No PSC PSC-09- 0715-FOF- EI (October 28, 2009). Here, FPL has failed to carry its burden of proof.

**OPC:** FPL is proposing to retire its existing Lauderdale Units 4&5 and replace them with a new 2-on-1 advanced CC unit called the Dania Beach Clean Energy Center sited at the existing Lauderdale plant site in Broward County, Florida in June, 2022. The proposed Dania Unit 7 will produce 1,163 MW, which is an additional 279 MW beyond the current Lauderdale units. FPL alleges this proposal is \$337 million cumulative present value of revenue requirements (CPVRR) less

expensive than keeping the existing units and \$1,288 million CPVRR less expensive than the equivalent amount of firm capacity in Southeast Florida supplied by solar and batteries sited in the Southeast. However, a review of the testimony and exhibits submitted by FPL demonstrates FPL has not met its burden to show a need for the Dania Unit in 2022.

First, the FPL's 2016 Ten Year Site plan did not project a need to add new resources to its system until 2024 to meet system reliability. Moreover, according to the 2017 Projection of FPL's Resource Needs, FPL's 2024 Summer Total Reserve Margin will be 19.8%, which is only 54 MW below a full 20% margin reserve. Furthermore, the addition of the Corbett-Sugar-Quarry (CSQ) 500 kV line in mid-2019 provides a transmission import ability of approximately 1,200 MW which addresses the Southeast regional needs through 2030. Assuming the retirement of Lauderdale Units 4&5 in late 2018 and the installation of the CSQ line in mid-2019, FPL's analysis and projections do not show a regional imbalance until 2025. Thus, FPL's own supporting documentation demonstrates that there is no need for a new unit before 2024.

Second, FPL's analysis to support its proposals relies on the assumption that a 4 year period between the retirement of the Lauderdale Units 4&5 and its replacement power is necessary and that all 1,163 MW of firm capacity must be replaced. However, FPL has not supported its reliance on either of these assumptions. While FPL supposedly considered scenarios of a one and two year delay, these scenarios included the unsupported "4 year" period between retirement and replacement of its current units to conclude the delays were uneconomic. Yet, FPL has not demonstrated that retiring the Lauderdale Units 4&5 in late 2018 with a delay in replacement power until 2024 is not more economical than FPL's proposed Dania replacement in 2022. Moreover, since FPL's scenarios rely on matching the replacement of MW with the same timing as the Dania proposal, FPL failed to consider replacing the MW based on the need to meet margin reserves at the least cost possible.

**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**

**ISSUE 1:** **Is there a need for the proposed Dania Beach Clean Energy Center Unit 7, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?**

**FPL:** Yes. There is a need for DBEC Unit 7, taking into account the need for electric system reliability and integrity. DBEC Unit 7 will enhance FPL's system

reliability and integrity as measured by FPL's two reserve margin criteria. The additional 279 MW that will result from retiring the 884 MW from existing Lauderdale Units 4 & 5, and adding 1,163 MW from DBEC Unit 7, will increase FPL's reserve margin values and also defer the need for future capacity additions. The new CC unit will also maintain and enhance the balance between generation and load in the Southeastern Florida region because this increased generation capacity amount will be sited in that region. (Sim, Feldman, Kingston, Sanchez)

**SIERRA**

**CLUB:**

No. There is no reliability need for DBEC to come on line with a June 2022 in-service date because--even assuming that FPL retires the existing Lauderdale 4 and 5 units in 2018 --the project comes into service two years before any projected reserve margin shortfall, three years before any projected system balance issue, and five years before the full 1,163 MW capacity of the project is forecast to be needed for reserve margin. (Witness: Dr. Ezra Hausman)

**OPC:**

No. FPL's own analysis demonstrates that there is no need for a new unit before 2024.

**STAFF:**

No position pending evidence adduced at hearing.

**ISSUE 2:**

**Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Florida Power & Light, which might mitigate the need for the proposed Dania Beach Clean Energy Center Unit 7?**

**FPL:**

No. In determining the need for DBEC Unit 7, FPL took account of all FPL-and Commission-identified cost-effective renewable energy and conservation measures reasonably available to FPL that might mitigate the need for the proposed DBEC Unit 7. FPL's forecast of resource needs takes into account all projected DSM from cost-effective programs approved by the Commission, including all cost-effective energy efficiency ("EE") programs that might be implemented in the Southeastern Florida region. FPL's analyses supporting the need for DBEC Unit 7 accounted for all achievable, cost-effective DSM approved by the FPSC in the DSM Goals set for FPL through the year 2024, plus an assumed continuation of that same level of annual DSM implementation through the year 2030. FPL's summer MW Goals for the 2015 – 2024 time period were set at 526 MW or about 53 MW of DSM per year on average. FPL has not identified additional cost-effective DSM beyond that already reflected in FPL's analyses. There is no evidence to suggest that additional DSM could provide economic benefits to FPL's customers that could in any way diminish the unquestionable benefits projected to be provided by DBEC Unit 7 beginning in 2022. Taking these benefits into consideration, the interests of FPL's customers

are best served by placing DBEC Unit 7 in commercial operation in June of 2022. (Sim, Kingston)

**SIERRA**

**CLUB:** Sierra Club objects to the premise that there is any “need” for DBEC in June 2022. That said, the record demonstrates that there are renewable energy sources, technologies, and conservation measures that are reasonably available to supply a wide-range of generation and other reliability functions on FPL’s system. However, FPL has not taken those steps needed to evaluate these alternatives to DBEC, nor included them in its proposed project. Utility-scale solar, demand-side programs, and other renewable sources or conservation measure are reasonably available and could supply the same functions as DBEC. These resources could be deployed incrementally to delay, or potentially entirely forestall, the need for a new large gas burning generation project, and would likely reduce the financial burden on Florida ratepayers.

FPL has neither met its burden of proof on this factor nor provided the Commission with sufficient information to readily assess the extent to which such mitigating alternatives are available. FPL’s “Plan 3”, which purportedly evaluates solar and energy storage options, constitutes a single, poorly-conceived alternative that is rife with artificial, cost-inflating constraints. (Witness: Dr. Ezra Hausman)

**OPC:** FPL has not adequately evaluated whether solar and battery storage might be used to meet FPL’s 20% margin reserve needs in 2024.

**STAFF:** No position pending evidence adduced at hearing.

**ISSUE 3:** **Is there a need for the proposed Dania Beach Clean Energy Center Unit 7, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?**

**FPL:** Yes. There is a need for DBEC Unit 7, taking into account the need for adequate electricity at a reasonable cost. DBEC Unit 7 is the best resource available to FPL and its customers to meet the need for adequate electricity at a reasonable cost. The Lauderdale modernization project, which results in DBEC Unit 7, is projected to be approximately \$337 million CPVRR less expensive than continuing to operate the existing Lauderdale Units 4 & 5 in their present form. Further, the new CC unit is projected to result in the lowest system CPVRR cost of all of the numerous resource options and resource plans evaluated by FPL, including CC, CT, solar PV, and energy storage technologies. As such, the unit is also projected to result in the lowest electric rates for FPL’s customers when compared to these alternatives, which is driven in part by the fact that the new

unit will not require any new gas pipeline, transmission line, or water supply. (Sim, Feldman, Kingston, Stubblefield, Sanchez)

**SIERRA**

**CLUB:**

No. Because more cost-effective options exist to meet electricity needs, the project does not provide adequate electricity at reasonable cost. Ratepayers will save money if FPL retires Lauderdale 4 and 5 in 2018, and defers adding new generation until the time at which it faces a projected reserve margin deficit or Southeastern regional imbalance. Moreover, it is too early to reliably ascertain what costs are reasonable, when no need for any additional generation, let alone 1,163 MW, is projected to arise for two or more years after DBEC is proposed to be brought into service. The factors and information that determine what resource should be selected, when they are needed, and how much, are constantly changing. By locking into DBEC now, before that generation is needed, FPL ratepayers lose out on reasonable opportunities to procure cheaper and less risky renewable alternatives when the actual need arises. Thus, imposing costs on ratepayers from a premature decision now would not be reasonable. (Witness: Dr. Ezra Hausman)

**OPC:**

No. FPL's own analysis demonstrates that there is no need for a new unit before 2024.

**STAFF:**

No position pending evidence adduced at hearing.

**ISSUE 4:**

**Is there a need for the proposed Dania Beach Clean Energy Center Unit 7, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519(3), Florida Statutes?**

**FPL:**

Yes. There is a need for DBEC Unit 7, taking into account the need for fuel diversity and supply reliability. Because of DBEC Unit 7's high level of fuel efficiency, the unit is projected to lower the total amount of natural gas used by FPL's generating fleet compared to continuing to operate the existing Lauderdale Units 4 & 5 in a status quo scenario. (Sim, Stubblefield)

**SIERRA**

**CLUB:**

No. There is no fuel diversity need for the project because the project will not promote fuel diversity. Burning gas currently accounts for 71% of FPL's generation. Yet DBEC would supply even more MWh from gas than the existing units it would replace. Accordingly, the project only aggravates the FPL's fuel diversity problem. Conversely, increasing its portfolio of zero-fuel generation resources would provide much needed fuel diversity benefits to FPL's ratepayers, including protection from both fuel supply disruptions and higher future fuel and emissions costs. (Witness: Dr. Ezra Hausman)

**OPC:** No. FPL's own analysis demonstrates that there is no need for a new unit before 2024. Further, the proposed Dania Unit 7 uses natural gas and would replace the Lauderdale Units 4&5 that use natural gas.

**STAFF:** No position pending evidence adduced at hearing.

**ISSUE 5:** **Will the proposed Dania Beach Clean Energy Center Unit 7 provide the most cost-effective alternative available, as this criterion is used in Section 403.519(3), Florida Statutes?**

**FPL:** Yes. DBEC Unit 7 is the most cost-effective alternative that has been identified to meet the reliability needs of FPL's customers. It is the most economic option available to FPL and its customers. The result of FPL's 2017 analyses was that retiring the existing Lauderdale Units 4 & 5 in late 2018, followed by a modernization of the site by June 1, 2022 with a 2x1 CC unit (DBEC Unit 7), was projected to be the most economic option for FPL's customers. It is projected to be approximately \$337 million CPVRR less expensive than continuing to operate the existing Lauderdale Units 4 & 5 in a status quo scenario, and \$1,288 million CPVRR less expensive than a resource plan in which DBEC Unit 7 is not built and an equivalent amount of firm capacity (approximately 1,163 MW) in Southeastern Florida is assumed to be supplied by solar and batteries sited in that region. FPL's analyses also showed that a delay from the planned 2022 in-service date by one year results in a projected \$12 million CPVRR increase and a \$38 million CPVRR increase for a two year delay. (Sim)

**SIERRA**

**CLUB:** No. FPL's proposed gas burning project is not the most cost-effective alternative available. Although FPL has provided only limited data--its stated record retention policy is to keep only final reports--Sierra Club's expert has identified less costly alternatives, including delaying the project until 2024, which is the earliest date at which additional resources are first forecast to be needed in Southeastern Florida. Further, FPL did not adequately consider other potential cost saving alternatives, such as further forestalling the need for a major generation project by adding incremental, renewable or demand-side alternatives.

Moreover, FPL has not met its burden of proof on this issue. Its petition only identified and evaluated two alternatives to the status quo—one the DBEC, and the other a single plan hobbled by artificial constraints seemingly tailor made to make renewable resources appear unduly costly to FPL customers. (Witness: Dr. Ezra Hausman)

**OPC:** No. FPL has not demonstrated that retiring the Lauderdale Units 4&5 in late 2018 with a delay in replacement power until 2024 is not more economical than FPL's proposed Dania replacement in 2022.

**STAFF:** No position pending evidence adduced at hearing.

**ISSUE 6:** **Based on the resolution of the foregoing issues and other matters within its jurisdiction which it deems relevant, should the Commission grant Florida Power & Light's petition to determine the need for the proposed Dania Beach Clean Energy Center Unit 7?**

**FPL:** Yes. Building DBEC Unit 7 with an in-service date of June 1, 2022 is the best, most cost-effective choice for FPL's customers for maintaining reliable electric service beginning in that year. This unit was determined to be the most cost-effective choice through extensive analyses that began in 2016 and culminated in 2017, taking into account all reasonably available renewable energy and conservation measures. DBEC Unit 7 is projected to deliver major cost savings to benefit FPL's customers, enhance system and regional reliability to serve FPL's customers, and reduce FPL's usage of natural gas as a fuel source for generation. (Sim)

**SIERRA**

**CLUB:** No. FPL has failed to meet its burden to demonstrate that the DBEC is needed in 2022. Alternatives exist that would satisfy the future needs that FPL identifies at less cost and with more benefits in terms of fuel diversity and utilization of renewable resources. (Witness: Dr. Ezra Hausman)

**OPC:** No, not at this time.

**STAFF:** No position at this time.

**ISSUE 7:** **Should this docket be closed?**

**FPL:** Yes. Upon issuance of an order granting FPL's petition to determine the need for DBEC Unit 7, this docket should be closed.

**SIERRA**

**CLUB:** Yes.

**OPC:** Yes.

**STAFF:** No position pending evidence adduced at hearing.

**IX. EXHIBIT LIST**

| <u>Witness</u> | <u>Proffered By</u> |       | <u>Description</u>   |
|----------------|---------------------|-------|--|
|                | <u>Direct</u>       |       |  |
| Steven R. Sim  | FPL                 | SRS-1 | 2017 Projection of Environmental Compliance Costs for CO <sub>2</sub>  |
|                | FPL                 | SRS-2 | 2017 Projection of FPL's Resource Needs Utilizing FPL's Two Reserve Margin Criteria  |
|                | FPL                 | SRS-3 | The Three Resource Plans Analyzed in 2017  |
|                | FPL                 | SRS-4 | The Economic Results for the Three Resource Plans Analyzed in 2017   |
|                | FPL                 | SRS-5 | Incorrect and/or Misleading Statements Made in the Testimony of Sierra Club Witness Dr. Hausman                                    |
|                | FPL                 | SRS-6 | Commission Proceedings Approving or Applying 20% Reserve Margin  |
|                | FPL                 | SRS-7 | Comparison of FPL System NOx Emissions for Resource Plans 2 and 3  |
|                | FPL                 | SRS-8 | Comparison of Major Drivers in DSM Cost-Effectiveness: 2014 DSM Goals Docket Inputs and Forecasts versus 2017 Inputs and Forecasts |

| <u>Witness</u>            | <u>Proffered By</u> |        | <u>Description</u>   |
|---------------------------|---------------------|--------|--|
| Steven R. Sim (continued) | FPL                 | SRS-9  | Excerpt from Prior FPL Testimony in Docket No. 20080407-EG Regarding the Flaws in Using a Levelized Cost of Electricity Approach |
|                           | FPL                 | SRS-10 | FPL Fossil Fuel Generation Fleet Performance Improvements (1990-2016)  |
| Richard Feldman           | FPL                 | RF-1   | Total Average Customers  |
|                           | FPL                 | RF-2   | Summer Peak Load (MW)  |
|                           | FPL                 | RF-3   | Calendar Net Energy for Load (GWh)   |
| Jacquelyn K. Kingston     | FPL                 | JKK-1  | Typical 2x1 Combined Cycle Unit Schematic  |
|                           | FPL                 | JKK-2  | FPL Combined Cycle Power Plants  |
|                           | FPL                 | JKK-3  | History of FPL Combined Cycle Capital Construction Costs   |
|                           | FPL                 | JKK-4  | DBEC Unit 7 Site Regional Map  |
|                           | FPL                 | JKK-5  | DBEC Unit 7 Site Property Delineation  |
|                           | FPL                 | JKK-6  | Rendering of Existing FPL Power Plant Site   |
|                           | FPL                 | JKK-7  | DBEC Unit 7 Proposed Site Plan Rendering   |
|                           | FPL                 | JKK-8  | DBEC Unit 7 Plant Specifications   |
|                           | FPL                 | JKK-9  | Emissions Comparison of Lauderdale Units 4 & 5 versus Dania Beach Unit 7   |

| <u>Witness</u>                       | <u>Proffered By</u> |        | <u>Description</u>   |
|--------------------------------------|---------------------|--------|--|
| Jacquelyn K. Kingston<br>(continued) | FPL                 | JKK-10 | DBEC Unit 7 Expected Construction Schedule   |
|                                      | FPL                 | JKK-11 | DBEC Unit 7 Plant Construction Cost Components   |
| Heather C. Stubblefield              | FPL                 | HCS-1  | FPL's November 7, 2016 Fuel Price Forecast   |
| Dr. Ezra Hausman                     | Sierra Club         | EDH-1  | Resume of Ezra D. Hausman, Ph.D.   |
|                                      | Sierra Club         | EDH-2  | Gavin Bade & Peter Maloney, Utility Dive, Updated: Tucson Electric Signs Solar + Storage PPA for 'Less Than 4.5¢/kWh' (May 2017), available at <a href="https://www.utilitydive.com/news/updated-tucson-electric-signs-solar-storage-ppa-for-less-than-45kwh/443293/">https://www.utilitydive.com/news/updated-tucson-electric-signs-solar-storage-ppa-for-less-than-45kwh/443293/</a> |
|                                      | Sierra Club         | EDH-3  | JEA, Agenda Item Summary: Universal Solar Expansion and Land Acquisition (Oct. 2017)   |
|                                      | Sierra Club         | EDH-4  | Pierce Schuessler, Solar Energy Industries Association, Comment on Proposed 2017 Second Revised and Restated Stipulation and Settlement Agreement in Docket No. 20170183 (Oct. 2017)   |
|                                      | Sierra Club         | EDH-5  | EnerNOC, Inc., ISO-New England Awards EnerNOC Landmark Contract to Improve Grid Reliability in Southwest Connecticut (Apr. 2004)   |
|                                      | Sierra Club         | EDH-6  | Moody's, Global Renewables Focus (Sep. 2017)   |

| <u>Witness</u>               | <u>Proffered By</u> |       | <u>Description</u>   |
|------------------------------|---------------------|-------|--|
| Dr. Ezra Hausman (continued) | Sierra Club         | EDH-7 | Mark Bolinger et al., Lawrence Berkeley National Laboratory, Utility-Scale Solar 2016: An Empirical Analysis of Project Cost, Performance, and Pricing Trends in the United States (Sep. 2017), available at <a href="https://emp.lbl.gov/sites/default/files/utility-scale_solar_2016_report.pdf">https://emp.lbl.gov/sites/default/files/utility-scale_solar_2016_report.pdf</a>   |
|                              | Sierra Club         | EDH-8 | Chris Neme & Jim Grevatt, Energy Futures Group, Energy Efficiency as a T&D Resource: Lessons from Recent U.S. Efforts to Use Geographically Targeted Efficiency Programs to Defer T&D Investments (Jan. 2015), available at <a href="http://www.neep.org/sites/default/files/products/EMV-Forum-Geo-Targeting_Final_2015-01-20.pdf">http://www.neep.org/sites/default/files/products/EMV-Forum-Geo-Targeting_Final_2015-01-20.pdf</a>                  |
|                              | Sierra Club         | EDH-9 | Rachel Wilson & Bruce Biewald, Synapse Energy Economics, Best Practices in Electric Utility Integrated Resource Planning: Examples of State Regulations and Recent Utility Plans (June 2013), available at <a href="http://www.raonline.org/wp-content/uploads/2016/05/rapsynapse-wilsonbiewald-bestpracticesinirp-2013-jun-21.pdf">http://www.raonline.org/wp-content/uploads/2016/05/rapsynapse-wilsonbiewald-bestpracticesinirp-2013-jun-21.pdf</a> |

| <u>Witness</u>               | <u>Proffered By</u> |        | <u>Description</u>   |
|------------------------------|---------------------|--------|--|
| Dr. Ezra Hausman (continued) | Sierra Club         | EDH-10 | Navigant Consulting, Inc., for Eastern Interconnection States' Planning Council and National Association of Regulatory Utility Commissioners, Transmission Planning White Paper (2014), available at <a href="https://pubs.naruc.org/pub.cfm?id=53A151F2-2354-D714-519F-53E0785A966A">https://pubs.naruc.org/pub.cfm?id=53A151F2-2354-D714-519F-53E0785A966A</a>                   |
|                              | Sierra Club         | EDH-11 | New England Power Pool, Order on Rehearing and Accepting Compliance Filing, FERC Docket Nos. ER04-335-001 and ER04-335-002 (May 2004), available at <a href="https://www.ferc.gov/eventcalendar/Files/20040528153559-er04-335-001.pdf">https://www.ferc.gov/eventcalendar/Files/20040528153559-er04-335-001.pdf</a>  |
|                              | Sierra Club         | EDH-12 | PJM Interconnection, LLC, Load Management Performance Report 2015/2016 (Aug. 2016), available at <a href="http://www.pjm.com/~media/markets-ops/dsr/2015-2016-dsr-activity-report-20151221.ashx">http://www.pjm.com/~media/markets-ops/dsr/2015-2016-dsr-activity-report-20151221.ashx</a>   |
|                              | Sierra Club         | EDH-13 | PJM Interconnection, LLC, RPM 101: Overview of Reliability Pricing Model (Apr. 2017), available at <a href="http://pjm.com/~media/training/nerc-certifications/markets-exam-materials/rpm/rpm-101-overview-of-reliability-pricing-model.ashx">http://pjm.com/~media/training/nerc-certifications/markets-exam-materials/rpm/rpm-101-overview-of-reliability-pricing-model.ashx</a> |

| <u>Witness</u>               | <u>Proffered By</u> |        | <u>Description</u>  |
|------------------------------|---------------------|--------|---|
| Dr. Ezra Hausman (continued) | Sierra Club         | EDH-14 | Excerpts of Deposition of Dr. Steven R. Sim on November 29, 2017  |
|                              | Sierra Club         | EDH-15 | Excerpts of Deposition of Dr. Steven R. Sim on December 4, 2017   |
|                              | Sierra Club         | EDH-16 | Florida Power & Light Company, <i>Response to Sierra Club Interrogatory Number 16 in Docket No. 20170225-EI</i> (Nov. 2017) |
|                              | Sierra Club         | EDH-17 | Florida Power & Light Company, <i>2016 Southeastern Florida Study: Results To-Date</i> (Dec. 2016)                          |
|                              | Sierra Club         | EDH-18 | Florida Power & Light Company, <i>2016 SE Florida Study CPVRR Ranking of All Resource Plans</i>                             |
|                              | Sierra Club         | EDH-19 | Florida Power & Light Company, <i>2017 FCSS 3- DBEC - Plan 3 - Solar+Batt - Worksheet "Summary"</i>                         |
|                              | Sierra Club         | EDH-20 | Florida Power & Light Company, <i>2017 FCSS 3- DBEC - Plan 3 - Solar+Batt -Worksheet "Gen"</i>                              |
|                              | Sierra Club         | EDH-21 | Florida Power & Light Company, <i>Solar Revenue Requirement for Plan 3 - Worksheet "Cap Rev Req for FCSS"</i>               |
|                              | Sierra Club         | EDH-22 | Excerpts of Florida Power & Light Company, <i>Ten Year Power Plant Site Plan 2017-2026</i> (Apr. 2017)                      |

| <u>Witness</u> | <u>Proffered By</u> | <u>Description</u>   |
|----------------|---------------------|--|
|                | Sierra Club         | EDH-23   |
|                |                     | Excerpts of Florida Public Service Commission, <i>Review of the 2017 Ten-Year Site Plans of Florida's Electric Utilities</i> (Nov. 2017), available at <a href="http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/TenYearSitePlans/2017/Review.pdf">http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/TenYearSitePlans/2017/Review.pdf</a> |

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

Staff intends to use demonstrative exhibits at hearing.

**X. PROPOSED STIPULATIONS**

There are no proposed stipulations at this time.

**XI. PENDING MOTIONS**

Sierra Club has a pending Motion to Strike the Rebuttal Testimony of witness Hector J. Sanchez. This motion will be addressed separately.

**XII. PENDING CONFIDENTIALITY MATTERS**

1. Sierra Club's request for confidential treatment of certain information [DN 00098-2018] contained in documents provided to FPL'S Second Request for PODs and Subpoena Duces Tecum of Dr. Ezra Hausman served on January 2, 2018 [DN 00099-2018].
2. Florida Power & Light Company's request for confidential classification of information [DN 00137-2018] provided in response to Staff's Third Request for Production of Documents (No. 16) dated December 22, 2017 .

**XIII. POST-HEARING PROCEDURES**

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 75 words, 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; however, if the prehearing position is longer than 75 words, it must be reduced to no more than 75 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's brief, proposed findings of fact and conclusions of law, if any, and statement of issues and positions, shall together total no more than 40 pages and shall be filed at the same time.

**XIV. RULINGS**

Opening statements, if any, shall not exceed 5 minutes per party. Expedited hearing transcripts with a 48-hour turnaround have been requested. Post hearing filings are due by January 29, 2018.

It is therefore,

ORDERED by Commissioner Gary F. Clark, 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 Gary F. Clark, as Prehearing Officer, this 12th day of January, 2018.



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GARY F. CLARK  
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.