

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

DOCKET NO. 100001-EI

DATED: October 11, 2010

COMMISSION CLERK

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-10-0154-PCO-EI, filed March, 18 2010, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

<u>Witness</u>	<u>Subject</u>	<u>Issue</u>
Ronald A. Mavrides	Hedging Activities Audit (PEF)	1A, 1B
Kathy L. Welch	Hedging Activities Audit (FPL) and Fuel Adjustment Audit (FPUC)	2A, 2B and 3B
Donna D. Brown	Hedging Activities Audit (Gulf)	4A, 4B
Daniel Acheampong	Hedging Activities Audit (TECO)	5A, 5B

b. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>
Ronald Mavrides	RAM-1	Audit Report – PEF Hedging Activity, 12 Months ended July 31, 2010
Kathy Welch	KLW-1	History of Testimony, Kathy L. Welch
Kathy Welch	KLW-2	Audit Report – FPL Hedging Activity, 12 Months ended July 31, 2010
Kathy Welch	KLW-3	History of Testimony, Kathy L. Welch
Kathy Welch	KLW-4	Audit Report – FPUC Fuel Adjustment, 12 Months ended December 31, 2009

DOCUMENT NUMBER: 08483

08483 OCT 11 2010

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<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>
Donna Brown	DDB-1	Audit Report – Gulf Hedging Activity, 12 Months ended July 31, 2010
Daniel Acheampong	DA-1	Audit Report – TECO Hedging Activity, 12 Months ended July 31, 2010

c. Staff's Statement of Basic Position

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 stated herein.

d. Staff's Position on the Issues

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Progress Energy Florida, Inc.

ISSUE 1A: Should the Commission approve as prudent, Progress Energy Florida Inc.'s actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Progress Energy Florida, Inc.'s April 2010 and August 2010 hedging reports?

POSITION: No position at this time.

ISSUE 1B: Should the Commission approve Progress Energy Florida, Inc.'s 2011 Risk Management Plan?

POSITION: No position at this time.

ISSUE 1C: Should the prudence of Progress Energy Florida, Inc.'s replacement power costs related to the extended outage at Crystal River Unit 3 be considered in a separate docket?

POSITION: Yes. This should be considered in a separate docket.

ISSUE 1D: Should Progress Energy Florida, Inc. be permitted to collect through the fuel clause, amounts related to replacement power due to the extended outage at Crystal River Unit 3 prior to the Commission's determination of the prudence of such costs in a separate docket?

POSITION: No position at this time.

Florida Power & Light Company

ISSUE 2A: Should the Commission approve as prudent, Florida Power & Light Company's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Florida Power & Light Company's April 2010 and August 2010 hedging reports?

POSITION: No position at this time.

ISSUE 2B: Should the Commission approve Florida Power & Light Company's 2011 Risk Management Plan?

POSITION: No position at this time.

ISSUE 2C: What are the appropriate projected jurisdictional fuel savings associated with West County Energy Center Unit 3 ("WCEC-3") for the period January 2011 through December 2011? (This issue will not be required if the Commission were to reject the Stipulation and Settlement that was entered into on August 20, 2010, by FPL and the Office of Public Counsel, the Attorney General of the State of Florida, the Florida Industrial Power Users Group, the Florida Retail Federation, the South Florida Hospital and Healthcare Association, the Federal Executive Agencies, and Associated Industries of Florida in Docket No. 080677-EI (the "Settlement Agreement")).

POSITION: No position at this time.

ISSUE 2D: What are the appropriate projected jurisdictional non-fuel revenue requirements associated with WCEC-3 for the period January 2011 through December 2011? (This issue will not be required if the Commission were to reject the Settlement Agreement).

POSITION: No position at this time.

Florida Public Utilities Company

ISSUE 3: Has the bankruptcy filing of the Jefferson Smurfit Company had any effect on Florida Public Utilities Company's northeast division fuel factors?

POSITION: No. The Jefferson Smurfit (Smurfit-Stone) bankruptcy has no effect on northeast division fuel factors. Because Jefferson Smurfit is a GSLD-1, the revenue and expense in its fuel charge are the same. Therefore, the Jefferson Smurfit fuel charge does not affect the calculation of the fuel overrecovery or underrecovery.

Gulf Power Company

ISSUE 4A: Should the Commission approve as prudent, Gulf Power Company's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Gulf Power Company's April 2010 and August 2010 hedging reports?

POSITION: No position at this time.

ISSUE 4B: Should the Commission approve Gulf Power Company's 2011 Risk Management Plan?

POSITION: No position at this time.

ISSUE 4C: Should the Commission approve Gulf Power Company's fuel clause recovery of the projected costs of landfill gas associated with the Perdido Landfill Gas to Energy Facility for the years 2010 and 2011?

POSITION: The cost of landfill gas is appropriate for recovery through the fuel clause. Gulf Power Company may recover the projected costs it will incur for landfill gas associated with the Perdido Landfill Gas to Energy Facility for the years 2010 and 2011. This approval does not address the appropriateness of project costs that would be recovered in base rates.

Tampa Electric Company

ISSUE 5A: Should the Commission approve as prudent, Tampa Electric Company's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Tampa Electric Company's April 2010 and August 2010 hedging reports?

POSITION: No position at this time.

ISSUE 5B: Should the Commission approve Tampa Electric Company's 2011 Risk Management Plan?

POSITION: No position at this time.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2010 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

POSITION: FPL: \$15,415,773.
GULF: \$ 1,603,413.
PEF: \$ 1,618,573.
TECO: \$ 2,002,890.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

POSITION: FPL: \$10,833,838.
GULF: \$ 1,017,585.
PEF: \$ 1,053,364.
TECO: \$ 2,325,363.

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2009 through December 2009?

POSITION: No position at this time.

ISSUE 9: What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010?

POSITION: No position at this time.

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2011 to December 2011?

POSITION: No position at this time.

ISSUE 11: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2011 to December 2011?

POSITION: No position at this time.

ISSUE 12: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2011 to December 2011?

POSITION: No position at this time.

ISSUE 13: What are the appropriate levelized fuel cost recovery factors for the period January 2011 to December 2011?

POSITION: No position at this time.

ISSUE 14: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

POSITION: The appropriate line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class are:

FPL:

GROUP	RATE SCHEDULE	FUEL RECOVERY LOSS MULTIPLIER
A.	RS-1 first 1,000 kWh all additional kWh	1.00207 1.00207
A.	GS-1, SL-2, GSCU-1, WIES-1	1.00207
A-1.*	SL-1, OL-1, PL-1,	1.00207
B.	GSD-1	1.00202
C.	GSLD-1 & CS-1	1.00116
D.	GSLD-2, CS-2, OS-2 & MET	0.99426
E.	GSLD-3 & CS-3	0.96229
A.	RST-1, GST-1, ON-PEAK OFF-PEAK	1.00207 1.00207
B.	GSDT-1, CILC -1(G), HLFT-1 (21-499 kW) ON-PEAK OFF-PEAK	1.00201 1.00201
C.	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) ON-PEAK OFF-PEAK	1.00127 1.00127
D.	GSLDT-2, CST-2 HLFT-3 (2,000+ kW) ON-PEAK OFF-PEAK	0.99552 0.99552
E.	GSLDT-3, CST-3, CILC-1(T) & ISS(T) ON-PEAK OFF-PEAK	0.96229 0.96229
F.	CILC-1(D) & ISST-1(D) ON-PEAK OFF PEAK	0.99484 0.99484

* WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

PEF:

GROUP	DELIVERY/VOLTAGE	LINE LOSS MULTIPLIER
A.	TRANSMISSION	0.9800
B.	DISTRIBUTION PRIMARY	0.9900
C.	DISTRIBUTION SECONDARY	1.0000
D.	LIGHTING SERVICES	1.0000

TECO:

METERING VOLTAGE SCHEDULE	LINE LOSS MULTIPLIER
DISTRIBUTION SECONDARY	1.0000
DISTRIBUTION PRIMARY	0.9900
TRANSMISSION	0.9800
LIGHTING SERVICE	1.0000

GULF:

GROUP	RATE SCHEDULES	LINE LOSS MULTIPLIERS
A	RS, RSVP, GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00525921
B	LP, LPT, SBS(2)	0.98890061
C	PX, PXT, RTP, SBS(3)	0.98062822
D	OSI/II	1.00529485
*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.		

FPUC: Northwest Division (Marianna): 1.0000 (All rate schedules)
 Northeast Division (Fernandina): 1.0000 (All rate schedules)

ISSUE 15: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

POSITION: No position at this time.

ISSUE 16: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

POSITION: No position at this time.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

Progress Energy Florida, Inc.

No company-specific issues for Progress Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 17A, 17B, 17C, and so forth, as appropriate.

Florida Power & Light Company

No company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 18A, 18B, 18C, and so forth, as appropriate.

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 19A, 19B, 19C, and so forth, as appropriate.

Tampa Electric Company

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 20A, 20B, 20C, and so forth, as appropriate.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 21: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2009 through December 2009 for each investor-owned electric utility subject to the GPIF?

POSITION: No position at this time.

ISSUE 22: What should the GPIF targets/ranges be for the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

POSITION: No position at this time.

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Progress Energy Florida, Inc.

ISSUE 23: Has Progress Energy Florida, Inc. included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 100009-EI?

POSITION: No position at this time.

Florida Power & Light Company

ISSUE 24: Has Florida Power & Light Company included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 100009-EI?

POSITION: Yes

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 25A, 25B, 25C, and so forth, as appropriate.

Tampa Electric Company

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 26A, 26B, 26C, and so forth, as appropriate.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2009 through December 2009?

POSITION: FPL: \$20,891,498 over-recovery.
GULF: \$ 2,618,214 over-recovery.
PEF: \$14,181,129 over-recovery.
TECO: \$ 21,184 over-recovery.

ISSUE 28: What are the appropriate capacity cost recovery true-up amounts for the period January 2010 through December 2010?

POSITION: No position at this time.

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2011 through December 2011?

POSITION: No position at this time.

ISSUE 31: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2011 through December 2011?

POSITION: No position at this time.

ISSUE 32: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2011 through December 2011?

POSITION: FPL: 98.03105%
PEF: BASE: 91.089%
INTERMEDIATE: 58.962%
PEAKING: 91.248%
TECO: 96.74819%
GULF: 96.44582%

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2011 through December 2011?

POSITION: No position at this time.

e. Stipulated Issues

There are no stipulated issues at this time.

f. Pending Motions

Staff has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

Staff has no pending requests for confidentiality at this time.

h. Objections to Witness Qualifications as an Expert

Staff has no objections to any witnesses' qualifications at this time.

i. Compliance with Order No. PSC-10-0154-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 11th day of October, 2010.



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DATED: October 11, 2010

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of STAFF'S PREHEARING STATEMENT has been filed with Office of Commission Clerk and one copy has been furnished to the following by electronic and U.S. Mail, on this 11th day of October, 2010:

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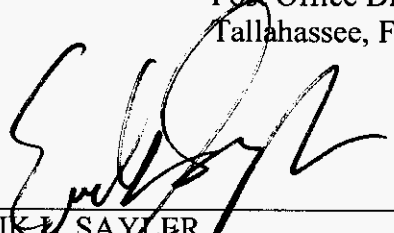
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