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Subject: Electronic Filing - 120001-EI OPC's Prehearing Statement
Attachments: 120001-EI OPC Prehearing Statement .docx.pdf

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 120001-EI

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

c. Document being filed on behalf of Office of Public Counsel

d. There are a total of 13 pages.

e. The document attached for electronic filing is OPC's Prehearing Statement

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DOCUMENT NUMBER-DATE

06828 OCT-8 2012

FPSC-COMMISSION CLERK

10/8/2012

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power) DOCKET NO. 120001-EI
Cost Recovery Clause with)
Generating Performance Incentive) FILED: October 8, 2012
Factor)
_____)

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-12-0061-PCO-EI, issued February 10, 2012, submit this Prehearing Statement.

APPEARANCES:

PATRICIA A. CHRISTENSEN, Esquire
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JOSEPH A. McGLOTHLIN, Esquire
Associate Public Counsel
CHARLES REHEINKEL, Esquire
Deputy Public Counsel
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Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida.

A. **WITNESSES:**

None

B. **EXHIBITS:**

None

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

C. STATEMENT OF BASIC POSITION

None

D. STATEMENT OF FACTUAL ISSUES AND POSITIONS

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Progress Energy Florida, Inc.

ISSUE 1A: Should the Commission approve as prudent, PEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in PEF's April 2012 and August 2012 hedging reports?

OPC: No position at this time.

ISSUE 1B: Should the Commission approve PEF's 2013 Risk Management Plan?

OPC: No position at this time.

(OPC proposed addition:)

ISSUE 1C: Has PEF correctly reflected the \$129 million refund pursuant to the Settlement approved in Order No. PSC-12-0104-FOF-EI in the calculation of the 2013 fuel factor? (Note: PEF agrees with proposed addition).

OPC: No position at this time.

Florida Power & Light Company

ISSUE 2A: Should the Commission approve as prudent, FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in FPL's April 2012 and August 2012 hedging reports?

OPC: No position at this time.

ISSUE 2B: Should the Commission approve FPL's 2013 Risk Management Plan?

OPC: No position at this time.

ISSUE 2C: Should FPL's fuel factors for the new RTR-1 rider be approved??

OPC: No position at this time.

Florida Public Utilities Company

ISSUE 3A: Is FPUC's proposed method to allocate demand costs to the rate classes appropriate?

OPC: No position at this time.

ISSUE 3B: Should FPUC be allowed to recover through the Fuel Clause the legal and consulting fees incurred in developing the Company's Time of Use and Interruptible Rates for its Northwest Division? (Proposed by FPUC. OPC agreed to wording.)

OPC: No. The Time of Use (TOU) rates does not create a fuel savings. The terms of the new Purchase Power Agreement between FPUC and Gulf creates a fuel saving due to the reduction in the capacity charge. FPUC used the PPA fuel savings to create TOU rates which it needed to have in place to comply with its contract with the City of Mariana which is the subject of on-going lawsuits. Citizens believes that the legal and consulting fees incurred by FPUC to develop the TOU rates to comply with its contractual obligations with the City are not recoverable through the fuel clause since there are no "fuel savings" created by the TOU rates. (Citizens have not objected to the legal and consulting fees related to the development of the new PPA agreement which does create a fuel saving for FPUC customers.)

Gulf Power Company

ISSUE 4A: Should the Commission approve as prudent, GULF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in GULF's April 2012 and August 2012 hedging reports?

OPC: No position at this time.

ISSUE 4B: Should the Commission approve Gulf's 2013 Risk Management Plan?

OPC: No position at this time.

Tampa Electric Company

ISSUE 5A: Should the Commission approve as prudent, TECO's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in TECO's April 2012 and August 2012 hedging reports?

OPC: No position at this time.

ISSUE 5B: Should the Commission approve TECO's 2013 Risk Management Plan?

OPC: No position at this time.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2012 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

OPC: No position at this time.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2013 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

OPC: No position at this time.

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2011 through December 2011?

OPC: No position at this time.

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2012 through December 2012?

OPC: No position at this time.

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2013 to December 2013?

OPC: No position at this time.

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2013 through December 2013?

OPC: No position at this time.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR 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 12A, 12B, 12C, 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 13A, 13B, 13C, 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 14A, 14B, 14C, 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 15A, 15B, 15C, and so forth, as appropriate.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 16: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

OPC: No position at this time.

ISSUE 17: What should the GPIF targets/ranges be for the period January 2013 through December 2013 for each investor-owned electric utility subject to the GPIF?

OPC: No position at this time.

FUEL FACTOR CALCULATION ISSUES

ISSUE 18: 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 2013 through December 2013?

OPC: No position at this time.

ISSUE 19: 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 2013 through December 2013?

OPC: No position at this time.

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2013 through December 2013?

OPC: No position at this time.

ISSUE 21: 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?

OPC: No position at this time.

ISSUE 22: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

OPC: No position at this time.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Progress Energy Florida, Inc.

ISSUE 23A: What is the amount to be included in the Capacity Cost Recovery Clause, for PEF's 2013 nuclear cost recovery?

OPC: No position at this time.

Florida Power & Light Company

ISSUE 24A: What is the amount to be included in the Capacity Cost Recovery Clause, for FPL's 2013 nuclear cost recovery?

OPC: No position at this time.

ISSUE 24B: Should an adjustment be made to transfer incremental security costs from the Capacity Cost Recovery Clause to base rates?

OPC: Yes. The security costs are not the type of costs that the clause was intended to recover.

(FPL proposed addition, Issues 24C, D:)

ISSUE 24C: If the Commission approves the Proposed FPL Rate Case Settlement Agreement, what amount should be included in the capacity cost recovery clause for recovery of jurisdictional non-fuel revenue requirements associated with West County Energy Center Unit 3 (WCEC-3) for the period January 2013 through December 2013?

OPC: In Docket No. 120015-EI, FPL originally proposed to move WCEC-3 revenue requirements from the capacity cost recovery clause to base rates. OPC did not oppose that proposal. OPC opposes the purported settlement agreement to which the issue refers on the grounds that it is facially invalid, and that the procedural measures

that the Commission has announced for its consideration are inadequate to cure its deficiencies. OPC also opposes the purported agreement on the grounds that it is substantively a poor deal for customers. With respect to the quantification of WCEC-3 revenue requirements, OPC did not dispute the amount that FPL sponsored in the rate case when FPL's objective was to move the revenue requirements from the clause to base rates.

ISSUE 24D: Should FPL be permitted to recover incremental Fukushima compliance costs incurred after January 1, 2013 through the Capacity Cost Recovery Clause?

OPC: No. Such costs do not qualify for inclusion in the Capacity Cost Recovery Clause. They should be recovered through base rates. As FPL is aware, once base rates are set, there will be variances (upward and downward) in the categories of expenses from the levels assumed for purposes of creating a representative test year. Just as some costs may decrease or go away completely, others may increase. Earnings will fluctuate (possibly upward, possibly downward) as a result. There is no guarantee that every increase in a base rate-related expense will be flowed through a cost recovery clause between rate cases. Such a program would constitute an abuse of the limited purpose of a cost recovery clause. It would also represent a lowering of the risk on which the approved return on equity was based.

ISSUE 24E: If the Commission approves the proposed settlement agreement that was filed in Docket No. 120015-EI on August 15, 2012 (the "Proposed Settlement Agreement"), should the Commission approve FPL's proposed GBRA factor of 3.527 percent for the Canaveral Modernization Project?

OPC: In Docket No. 120015-EI, OPC opposes the purported settlement agreement to which this issue refers on the grounds that the purported settlement is facially invalid and that the procedural measures that the Commission has announced for its consideration are inadequate to cure its deficiencies. OPC also opposes the purported agreement on the grounds that it is substantively a poor deal for customers. OPC takes no position as to whether the proposed Canaveral recovery factor is mathematically accurate.

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 2011 through December 2011?

OPC: No position at this time.

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2012 through December 2012?

OPC: No position at this time.

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2013 through December 2013?

OPC: No position at this time.

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2013 through December 2013?

OPC: 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 2013 through December 2013?

OPC: 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 2013 through December 2013?

OPC: No position at this time.

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2013 through December 2013?

OPC: No position at this time.

III. EFFECTIVE DATE

ISSUE 34: What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?

OPC: No position at this time.

E. STIPULATED ISSUES:

None.

F. PENDING MOTIONS:

None.

G. REQUESTS FOR CONFIDENTIALITY

Citizens have no pending requests for claims for confidentiality.

H. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT

OPC has no objections to any witness' qualifications as an expert in this proceeding.

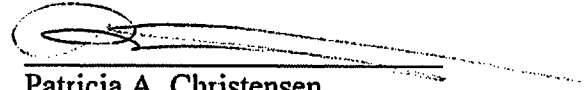
I. REQUIREMENTS OF ORDER

There are no requirements of the Order Establishing Procedure with which the

Office of Public Counsel cannot comply.

Dated this 8th day of October, 2012.

Respectfully submitted,



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CERTIFICATE OF SERVICE
120001-EI

I HEREBY CERTIFY that a true and foregoing Prehearing Statement has been furnished by electronic mail and U.S. Mail on this 8th day of October, 2012, to the following:

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