BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|  |  |
| --- | --- |
| In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 150001-EIORDER NO. PSC-15-0512-PHO-EIISSUED: October 29, 2015 |

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 19, 2015, in Tallahassee, Florida, before Chairman Art Graham, as Prehearing Officer.

APPEARANCES:

R. WADE LITCHFIELD, JOHN T. BUTLER, MARIA J. MONCADA, and JESSICA A. CANO, ESQUIRES, Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408-0420

On behalf of Florida Power & Light Company (FPL)

JOHN T. BURNETT, DIANNE M. TRIPLETT, and MATTHEW BERNIER, ESQUIRES, 106 East College Avenue, Tallahassee, Florida 32301-7740

On behalf of Duke Energy Florida, Inc. (DEF)

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe St., Suite 601, Tallahassee, Florida 32301

 On behalf of Florida Public Utilities Company (FPUC)

 JEFFREY A. STONE, RUSSELL A. BADDERS, and STEVEN R. GRIFFIN, ESQUIRES, Beggs & Lane, Post Office Box 12950, Pensacola, Florida 32591‑2950

 On behalf of Gulf Power Company (GULF)

 JAMES D. BEASLEY, J. JEFFRY WAHLEN, and ASHLEY M. DANIELS, ESQUIRES, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302

 On behalf of Tampa Electric Company (TECO)

 J.R. KELLY, PATRICIA A. CHRISTENSEN, CHARLES REHWINKEL, JOHN TRUITT, and ERIK SAYLER, ESQUIRES, 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)

 JAMES W. BREW, Owen J. Kopon, and LAURA A. WYNN, ESQUIRES, Stone Mattheis Xenopoulos & Brew, PC, 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007

 On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate)

 JON C. MOYLE, JR. and KAREN PUTNAL, ESQUIRES, Moyle Law Firm, PA, The Perkins House, 118 North Gadsden Street, Tallahassee, Florida 32301

 On behalf of the Florida Industrial Power Users Group (FIPUG)

 Robert Scheffel Wright and John T. LaVia, III, ESQUIRES, Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A., 1300 Thomaswood Drive, Tallahassee, Florida 32308

 On behalf of the Florida Retail Federation (FRF)

SUZANNE BROWNLESS, DANIJELA JANJIC, and JOHN VILLAFRATE, 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

Advisor to the Florida Public Service Commission

CHARLIE BECK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Florida Public Service Commission General Counsel.

**PREHEARING ORDER**

**I. CASE BACKGROUND**

 As part of the continuing fuel and purchased power adjustment and generating performance incentive clause proceedings, an administrative hearing will be held by the Florida Public Service Commission (Commission) on November 2-5, 2015. The Commission will address those issues listed in this prehearing order. The Commission has the option to render a bench decision with agreement of the parties on any or all of the issues listed below.

**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, Florida Statutes (F.S.). This hearing will be governed by said Chapter 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**

 Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

| Witness | Proffered By | Issues # |
| --- | --- | --- |
|  Direct |  |  |
| G. J. Yupp | FPL | 1D, 1E, 3A, 3B, 3C, 3D – 3I, 3K, 9-12 and 19 |
| Terry J. Keith | FPL | 3P, 7-12, 19-23, 25A, 25B, 25C, 28-34, 35, 36, 37 |
| D. Grissette | FPL | 3J, 3O, 9-12, and 19 |
| C. R. Rote | FPL | 14A, 17, 18 |
| Christopher A. Menendez | DEF | 9, 2C, 7, 8, 10, 11, 12, 19-23, 24A, 28, 29-30, 31-34, 35, 36 |
| Joseph McCallister | DEF | 1D, 1E, 2A, 2B |
| Matthew J. Jones | DEF | 17, 18 |
| Jeffrey Swartz | DEF | 2C |
| Curtis D. Young  | FPUC | 4A, 4B, 9, 10, 11, 12, 19, 20, 21, 22, 23, 35 |
| P. Mark Cutshaw | FPUC | 4A, 4B |
| H. R. Ball | Gulf | 5A, 5B, 7, 8, 28, 31, 32 |
| C. S. Boyett | Gulf | 7, 8, 9, 10, 11, 12, 19, 20, 21, 22, 23, 28, 29, 30, 31, 32, 33, 34, 35, 36 |
| C. L. Nicholson | Gulf | 17, 18 |
| Penelope A. Rusk | TECO | 6C, 6D, 7, 8, 9, 10, 11, 12, 19, 20, 21, 22, 23, 28, 29, 30, 31, 32, 33, 34, 35, 36 |
| Brian S. Buckley | TECO | 6E, 17, 18, 19 |
| Benjamin F. Smith | TECO | 19, 32 |
| J. Brent Caldwell | TECO | 1D, 1E, 6A, 6B, 6F, 19 |
| Tarik Noriega | OPC | 1D, 1E |
| Daniel J. Lawton | OPC | 1D, 1E |
| William R. Jacobs | OPC | 3J |
| Simon O. Ojada | Staff | 2A |
| Gabriela Leon  | Staff | 3A |
| Intesar Terkawi | Staff | 6A |
| George Simmons | Staff | 5A |
|  Rebuttal |  |  |
| G. J. Yupp | FPL | 1D, 1E |
| Terry O. Jones | FPL | 3J |
| John J. Reed | FPL | 3J |
| Joseph McCallister | DEF | 1D, 1E |
| H. R. Ball | Gulf | 1D, 1E |
| J. Brent Caldwell | TECO | 1D, 1E |

**VII. BASIC POSITIONS**

**FPL:** FPL’s 2016 Fuel and Purchased Power Cost Recovery factors and Capacity Cost Recovery factors, including the prior period true-ups reflected therein, are reasonable and should be approved. FPL’s hedging activities, as reported in the April 2015 and August 2015 hedging reports should be approved as prudent, and FPL’s 2016 Risk Management Plan should be approved. FPL’s asset optimization activities in 2014 delivered total gains of $67,626,867. Of these total gains, FPL is allowed to retain $12,976,120 (system amount). FPL’s Incremental Optimization Costs are reasonable and should be approved for recovery. FPL’s natural gas financial hedging program is performing its intended function, and OPC has not demonstrated that it should be revised or discontinued. The replacement power costs associated with the 2014 extended outage and 2015 unplanned outages at St. Lucie Unit 2 were prudently incurred and are properly recoverable through the Fuel Clause.

**DEF:** Not applicable. DEF’s positions to specific issues are listed below.

**FPUC:** The Commission should approve Florida Public Utilities Company’s final net true-up for the period January through December 2014, the estimated true-up for the period January through December, 2015, and the purchase power cost recovery factor for the period January through December, 2016. In approving the recovery factors for the Company, the Commission should allow FPUC to recover the depreciation expense, taxes, and a return on its investment to build an interconnection between FPUC’s Northeast Division and an FPL substation. The Commission should also allow the Company to recover specified legal and consulting expenses that were not accounted for in the Company’s last rate case, but which have been incurred in the pursuit of fuel savings for FPUC’s customers.

**GULF:** It is the basic position of Gulf Power Company that the fuel and capacity cost recovery factors proposed by the Company present the best estimate of Gulf's fuel and capacity expense for the period January 2016 through December 2016 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

**TECO:** The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery and GPIF true-up and projection calculations, including the proposed fuel adjustment factor of 3.671 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage; the company's proposed capacity factor for the period January through December 2016; a GPIF reward of $1,258,600 for performance during 2014; and approval of the company’s proposed GPIF targets and ranges for 2016. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of $1,532,270 for calendar year 2016.

**OPC: *Generally***

The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred.

***Hedging Issues 1D and 1E***

 The Commission should re-examine and, based on the evidence submitted by the OPC, should discontinue natural gas financial hedging practices in the State of Florida by investor-owned utilities. The OPC has submitted the testimony of Tarik Noriega and Dan Lawton providing compelling evidence that hedging is not in the best interests of electric utility customers in Florida.

 OPC witness Noriega reviewed the hedging gains (savings) and costs (losses) incurred since 2002 by the four Companies which financially hedge natural gas – Florida Power & Light Company (FPL), Duke Energy Florida (DEF or Duke), Gulf Power Company (Gulf), and Tampa Electric Company (TECO). From 2002 to 2015, the cumulative natural gas hedging losses for these Companies are approximately $6.2 billion dollars. Included within that figure are the Companies’ projected 2015 natural gas hedging losses exceeding $646 million. If the natural gas financial hedging programs are allowed to continue, OPC believes these losses are likely to continue detrimentally impacting the Companies’ customers.

 OPC witness Lawton, relying upon data from the U.S. Energy Information Agency (EIA), analyzed natural gas prices and price volatility for the period 1997 to 2015. The facts demonstrate that natural gas price volatility along with the actual price of natural gas is decreasing and has continued to decrease since the Commission’s 2011 hedging workshop when hedging was last substantively examined. This decrease in price and volatility is due in large part to the increased production of natural gas obtained from domestic shale formations and other market conditions. Customers are directly benefited by this decrease in price and volatility on the *unhedged* portion of natural gas.

 The stated purpose of natural gas financial hedging is to protect customers from fuel price volatility. However, the Commission’s *annual* fuel adjustment clause proceeding and mid-course correction rule already effectively, efficiently, and economically mitigate against and reduce fuel price volatility experienced by the customers on their monthly bills. Unlike financial hedging, the annual fuel adjustment clause and mid-course correction rule do not result in lost cost opportunities for customers, while still mitigating the impacts of fuel price volatility.

 In 2002, the Commission approved a stipulation which allowed the Companies to participate in all types of hedging activities, including natural gas financial hedging activities. In the 2007 fuel order, the Commission stated, “Hedging program[s] are designed to assist in managing the impacts of fuel price volatility. Within any given calendar period, hedging can result in gains or losses. *Over time, gains and losses are expected to offset one another*.” (emphasis added). In 2008, the Commission revisited the issue of hedging and stated that “hedging can reduce the volatility of fuel adjustment charges paid by customers and that a well-managed hedging program does not involve speculation. With fuel price hedging, the expectation is that gains and losses will cancel out over the long-run. . . . While price volatility is reduced, hedging is not expected to create long-run profits or losses.”

 It is now 2015 and hedging losses have continued to mount in a significant way. The Commission’s own expectation – that over time hedging gains and losses would offset – has not resulted. According to OPC witness Lawton, natural gas prices and price volatility have been decreasing and that trend is expected to continue for the foreseeable future. Thus, the reasons and market conditions justifying natural gas financial hedging in 2002 and 2008 have changed, and no longer justify the continuation of these programs. The utility regulatory commissions in Nevada and Kentucky have already recognized these changes and have ended the financial hedging of natural gas within their borders.

 As testified by OPC witness Lawton, “Since 2008, high levels of losses or lost opportunities, related to lower market prices relative to the hedged payment that have been part of a continuing trend over time, have resulted and should raise a red flag concerning the continuation of the hedging program and the costs borne by customers. Regulatory authorities should expect to see some losses in hedging for some years and possibly most years given ongoing program costs and the fact that financial hedging, like insurance protection, for price stability is not free. However, large and prolonged hedging losses should signal a re-evaluation of hedging programs in order to stem the tide of losses and costs to consumers.”

 It is the utilities’ burden of proof to demonstrate that the customer benefits of continuing natural gas financial hedging (to decrease fuel price volatility) outweigh the costs evidenced by the cumulative $6.2 billion in customer costs paid since 2002 ($2.4 billion since 2011). If financial hedging is an insurance policy against fuel price volatility, then $6.2 billion is an unacceptable premium paid by the customers to protect against something that is decreasing and is already sufficiently mitigated by the annual fuel adjustment clause mechanism and mid-course correction rule.

 OPC submits the natural gas financial hedging programs should be reevaluated and that, based upon the current condition of the natural gas markets and projections, the Commission should move to terminate the natural gas financial hedging programs. The lost opportunity costs since 2002 of $6.2 billion is too high a premium for customers to pay when they are already receiving the benefits of the annual resetting of the fuel factor and the mid-course correction rule which effectively, efficiently, and economically mitigate against fuel price volatility experienced by the customers.

 For all these reasons, the Commission should deny the Company’s risk management plans as it relates to natural gas financial hedging activities and should suspend and end the practice of natural gas financial hedging. The hedging transactions currently in place pursuant to Commission approved Risk Management Plans should be allowed to settle; however, the Commission should direct the Companies not to enter into any additional financial hedging transactions until such time as the Companies prove that financial hedging would provide a net benefit to the customers without the enormous downside costs cumulatively experienced by the customers since 2002.

 OPC takes no position on other hedging activities described in the Companies’ proposed 2016 Risk Management Plans. However, to the extent these other activities would authorize the hedging of natural gas, the plans should be rejected.

***FPL - St. Lucie 2 2014 Outage***

On April 8, 2014, during a planned outage and upon the re-starting of the reactor cooling pumps at FPL’s St. Lucie Unit No. 2 (SL2), the reactor coolant system alarmed. Upon inspection, a single, loose part (much later identified as a stainless steel spray nozzle) was found in the primary coolant side of the Steam Generator “B” channel head (the “Event”). As a result, FPL was unable to timely re-start St. Lucie 2, which caused the originally planned outage to be extended for an additional 12.4 days. This further resulted in replacement fuel costs of $8,001,909.

FPL conducted several root cause analyses (RCAs) of the extended outage. The first RCA concluded that a less conservative approach to foreign material exclusion resulted in the foreign material (stainless steel spray nozzle) entering the hot leg during refueling activities. Further, FPL’s first RCA concluded that a contributing cause was the lack of performing a foreign material exclusion (FME) inspection of the upper guide structure prior to its installation into the reactor vessel. FPL stated that the second RCA (dated July 2015) replaced the first RCA (dated May 2014); however, the first RCA provides valuable additional, relevant context for the understanding of this Event. In the second RCA, the investigation finally identified the use of stainless steel nozzles as the object that caused the Event and was the “root cause” of the Event. Notwithstanding, in the second RCA, FPL identified that a “missed opportunity” to use camera inspection tools in performing a comprehensive FME inspection of the upper guide structure was a contributing cause to this Event.

Based on his review of this Event and both RCAs, Dr. William Jacobs determined that FPL had several opportunities to prevent this Event. A similar nozzle was dropped into the refueling cavity during the SL2-19 outage conducted by FPL in January to May 2011 at this same facility. That incident should have alerted FPL to the possibility of a nozzle or other foreign materials being dropped into this structure, and FPL should have increased its inspections of reactor components prior to reassembly. Good utility practice would have been to keep an inventory of all tools and attachments in and around the refueling area during a refueling outage. “Good utility practice” means the practices used by a significant portion of the electric utility at the time (i.e., standard industry practice). FPL’s failure to account for all spray nozzles at the conclusion of SL2-19 was a clear missed opportunity to have prevented the SL2-21 extended outage. Further, FPL missed opportunities to conduct complete and thorough inspections of the Upper Guide Structure following the SL2-19 (2011), SL2-20 (2012), and SL-21(2014) refueling outages. In any of those outages, a complete and thorough inspection of the upper guide structure were opportunities that FPL had to identify the nozzle and prevent the SL2-21 extended outage. Since the SL2-21 (April 2014) extended outage was reasonably preventable and good utility practice was not followed, FPL’s ratepayers should not be responsible for the additional fuel costs incurred during this Event. Therefore, the Commission should disallow the $8,001,909 for replacement fuel.

***Other Issues***

 OPC has taken positions on other company specific issues. Those positions are detailed under the specific issues.

**FIPUG:** Only costs legally authorized should be recovered through the fuel clause.  FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies or other relief sought in this proceeding.

**FRF: Fuel Cost Hedging Issues**

 Based on the evidence presented by the Citizens’ witnesses, the Commission should discontinue natural gas financial hedging practices in the State of Florida by the investor-owned utilities (“IOUs”). The testimony of the OPC’s witnesses provides compelling evidence that hedging is not in the best interests of electric utility customers in Florida.

 The stated purpose of natural gas financial hedging is to protect customers from fuel price volatility. However, the Commission’s fuel and purchased power cost recovery proceedings and mid-course correction rule already effectively, efficiently, and economically mitigate and reduce fuel price volatility experienced by the customers on their monthly bills. Unlike financial hedging, the annual fuel adjustment clause and mid-course correction rule do not result in lost cost opportunities for customers, while still mitigating the impacts of fuel price volatility.

For these reasons, the Commission should deny the IOUs’ risk management plans relating to natural gas financial hedging and should suspend and end the practice of natural gas financial hedging. The hedging transactions currently in place pursuant to Commission approved Risk Management Plans should be allowed to settle; however, the Commission should direct the IOUs not to enter into any additional financial hedging transactions until such time as one or more of the IOUs prove that financial hedging would provide a net benefit to the customers.

**FPL Replacement Fuel Cost During St. Lucie 2 Outage**

The Commission should disallow the $8,001,909 for replacement fuel costs sought by FPL due to the extended outage of St. Lucie 2 in 2014.

**Other Issues**

All of the investor-owned electric utilities bear the burden of proving the reasonableness and prudence of their expenditures for which they seek recovery through their Fuel and Purchased Power Cost Recovery Charges.

**PCS**

**PHOSPHATE:** PCS generally accepts and adopts the position taken by the Florida Office of Public Counsel (“OPC”). With respect to Duke Energy Florida, the retirement of the utility’s Crystal River 3 nuclear unit and the imminent retirement of its older coal-fired units means that DEF’s generation fleet is becoming heavily reliant upon natural gas. There are numerous ramifications to this development, but two are apparent in this fuel clause filing. The first derives from the fact that shale gas production in the United States has revolutionized traditional views of fuel availability and fuel volatility risk. In contrast from concerns expressed prior to the Great Recession, it is now generally accepted that Florida, as well as the country in general, will enjoy a prolonged period of low and remarkably stable natural gas prices due to an abundance of economically recoverable domestic supply, and this view is supported by forward pricing and price forecasts for at least the next five years. Consequently, utility natural gas hedging practices are no longer warranted and are not in the public interest. Second, at least with respect to Duke Energy Florida, the spread between on and off peak fuel prices is shrinking as marginal generation costs during both periods increasingly are tied to gas costs. This reduces the price signals that apply to peak period usage, which is inconsistent with the Commission’s obligations under FEECA, which stresses the importance of reducing growth in weather sensitive peak load. Sec. 366.81, F.S. PCS asks that the Commission direct DEF to address that matter in its next fuel clause filing.

**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**

**I. FUEL Issues**

**HEDGING ISSUES**

**ISSUE 1A:** **Deleted per Order PSC-15-0354-PCO-EI, issued on September 3, 2015.**

**ISSUE 1B:** **Deleted per Order PSC-15-0354-PCO-EI, issued on September 3, 2015.**

**ISSUE 1C:** **Deleted per Order PSC-15-0354-PCO-EI, issued on September 3, 2015.**

**ISSUE 1D: Is it in the consumers’ best interest for the utilities to continue natural gas financial hedging activities?**

**POSITIONS**

**FPL:** Yes. Utilities’ natural gas financial hedging program has worked exactly as intended by the Commission and the utilities to limit the volatility of fuel costs that FPL customers pay. OPC has failed to demonstrate that the program should be revised or discontinued. (YUPP)

**DEF:** As part of effective fuel cost management, DEF believes managing fuel price volatility risk over time for a portion of its projected fuel costs is a prudent risk management practice.However, this is a policy decision for the Commission to determine. (McCallister)

**FPUC:** No position.

**GULF:** Yes. Future market price risk and price volatility still exists for natural gas purchases.  Changes in the natural gas market have occurred and will continue to occur in the future as gas producers and consumers adapt to both regulatory and market price pressures and uncertainty. Order No. PSC-08-0667-PAA-EI provides the utilities an appropriate fuel risk management tool for use in limiting future natural gas price volatility and should be continued going forward.  Gulf has demonstrated that implementation of its risk management plan has accomplished the objective of the hedging order to limit price volatility.   (Ball)

**TECO:** Yes, it is in the consumer’s best interest for the utilities to continue their natural gas financial hedging activities. (Witness: Caldwell)

**OPC:** No. For the facts and reasons described in the testimonies of OPC witnesses Noriega and Lawton and in OPC’s basic position, it is not in the best interest of the customers for the Companies to continue natural gas financial hedging activities.

**FIPUG:** No. Hedging should be discontinued.

**FRF:** No. For the facts and reasons described in the testimonies of OPC witnesses Noriega and Lawton, it is not in the best interest of the customers for the Companies to continue natural gas financial hedging activities.

**PCS**

**PHOSPHATE:** No. PCS agrees with the Office of Public Counsel.

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

**ISSUE 1E:** **What changes, if any, should be made to the manner in which electric utilities conduct their natural gas financial hedging activities?**

**POSITIONS**

**FPL:** FPL does not believe that any changes should be made to the manner in which electric utilities currently conduct their natural gas financial hedging activities.(YUPP)

**DEF:** This is a policy decision for the Commission. If the Commission determines that hedging should be wound down and eliminated, reduced in scope, suspended, or replaced with something new, DEF will comply with the Commission’s policy. (McCallister)

**FPUC:** No position.

**GULF:** As noted in response to Issue 1D, Gulf believes that it is appropriate to continue its financial hedging activities as an appropriate risk management tool. No changes are necessary or appropriate at this time. (Ball)

**TECO:** There should not be any changes to the manner in which electric utilities conduct their natural gas financial hedging. (Witness: Caldwell)

**OPC:** For the facts and reasons described in the testimonies of OPC witnesses Noriega and Lawton and in OPC’s basic position, the Commission should deny the Company’s risk management plans as it relates to natural gas financial hedging activities and should suspend and end the practice of natural gas financial hedging.

**FIPUG:** Hedging should be discontinued.

**FRF:** For the facts and reasons described in the testimonies of OPC witnesses Noriega and Lawton and in OPC’s basic position, Commission should deny the Company’s risk management plans as it relates to natural gas financial hedging activities and should suspend and end the practice of natural gas financial hedging.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**Duke Energy Florida, Inc.**

**ISSUE 2A:** **Should the Commission approve as prudent DEF’s actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in DEF’s April 2015 and August 2015 hedging reports?**

**POSITIONS**

**FPL:** No position.

**DEF:** Yes. DEF’s actions are reasonable and prudent. (McCallister)

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** DEF has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether DEF has met its burden of proof on this issue.

**FIPUG:** Hedging should be discontinued.

**FRF:** DEF has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether DEF has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 2B: Should the Commission approve DEF’s 2016 Risk Management Plan?**

**POSITIONS**

**FPL:** No position.

**DEF:** Yes, unless the Commission concludes that it is in the best interests of customers for the hedging program to be wound down and eliminated, reduced in scope, suspended, or replaced with something new. If the Commission amends or modifies the parameters of the hedging program, DEF will amend its Risk Management Plan accordingly, and will not execute any hedges beyond those previously executed per approved risk management plans to comply with the Commission’s direction. (McCallister)

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** No. The plan should not be approved as filed inasmuch as it would authorize the company to continue the financial hedging of natural gas.

**FIPUG:** Hedging should be discontinued.

**FRF:** No. The plan should not be approved as filed inasmuch as it would authorize the company to continue the financial hedging of natural gas.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 2C: Has DEF made appropriate adjustments, if any are needed, to account for replacement costs associated with the July 2014 forced outage at the Hines plant? If appropriate adjustments are needed and have not been made, what adjustment(s) should be made?**

**POSITIONS**

**FPL:** No position.

**DEF:** No adjustments were needed. The replacement power costs associated with the July 2014 forced outage at the Hines Plant were reasonable and prudent. The Root Cause of the event that led to the forced outage was beyond DEF’s control, and DEF could not have reasonably prevented the subsequent damage from occurring. DEF’s actions prior to and in the wake of the Hines 2 event were reasonable and prudent. (Swartz, Menendez)

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** DEF has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether DEF has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue.

**FRF:** DEF has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether DEF has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**Florida Power & Light Company**

**ISSUE 3A: Should the Commission approve as prudent FPL’s actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in FPL’s April 2015 and August 2015 hedging reports?**

**POSITIONS**

**FPL:** Yes. FPL’s risk management plans currently involve only natural gas hedging.  FPL’s actions to mitigate the price volatility of natural gas, as reported in FPL’s April 2015 and August 2015 hedging reports, are reasonable and prudent. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** Hedging should be discontinued. Otherwise, adopt the position of OPC.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3B:** **Should the Commission approve FPL’s 2016 Risk Management Plan?**

**POSITIONS**

**FPL:** Yes. On August 5, 2008, FPL filed a petition in the fuel docket requesting approval of Hedging Order Clarification Guidelines (the “Hedging Guidelines”). The Hedging Guidelines were approved at the Commission's September 16, 2008 Agenda Conference. Section I of the Hedging Guidelines provides for investor-owned utilities such as FPL to file a risk management plan covering the activities to be undertaken during the following calendar year for hedges applicable to subsequent years, and for the Commission to review such plans for approval in the annual fuel adjustment hearing held in October. FPL’s 2016 Risk Management Plan is consistent with the Hedging Guidelines and should be approved. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** No. The plan should not be approved as filed inasmuch as it would authorize the company to continue the financial hedging of natural gas.

**FIPUG:** Hedging should be discontinued. Otherwise, adopt the position of OPC.

**FRF:** No. The plan should not be approved as filed because it would authorize the company to continue the financial hedging of natural gas.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3C:** **What is the total gain in 2014 under the Incentive Mechanism approved in Order No. PSC-13-0023-S-EI, and how is that gain to be shared between FPL and customers?**

**POSITIONS**

**FPL:** FPL’s asset optimization activities in 2014 delivered total gains of $67,626,867.  Of these total gains, FPL is allowed to retain $12,976,120 (system amount). (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3D:** **What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2014 through December 2014?**

**POSITIONS**

**FPL:** The amount of Incremental Optimization Costs for Personnel, Software, and Hardware Costs that FPL should be allowed to recover through the fuel clause is $460,428 for the period January 2014 through December 2014. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** Hardware and software costs,  computer costs or otherwise, and personnel costs to operate generating units, should not be recovered in the fuel clause.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3E:** **What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2014 through December 2014?**

**POSITIONS**

**FPL:** The amount of Incremental Optimization Costs for Variable Power Plant Operations and Maintenance Costs over the 514 Megawatt Threshold that FPL should be allowed to recover through the fuel clause is $2,259,985 for the period January 2014 through December 2014. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** Variable operating and maintenance expenses for operating generating units should not be recovered through the fuel clause.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3F:** **What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2015 through December 2015?**

**POSITIONS**

**FPL:** The amount of Incremental Optimization Costs for Personnel, Software, and Hardware Costs that FPL should be allowed to recover through the fuel clause is $441,826 for the period January 2015 through December 2015. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** Hardware and software costs,  computer costs or otherwise, and personnel costs to operate generating units, should not be recovered in the fuel clause.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3G:** **What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2015 through December 2015?**

**POSITIONS**

**FPL:** The amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2015 through December 2015 is $2,759,649. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** Variable operating and maintenance expenses for operating generating units should not be recovered through the fuel clause.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3H:** **What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** The amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2016 through December 2016 is $473,512. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** Hardware and software costs, computer costs or otherwise, and personnel costs to operate generating units, should not be recovered in the fuel clause. Thus, no recovery should be permitted.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3I:** **What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** The amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2016 through December 2016 is $1,498,826. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program a or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** Variable operating and maintenance expenses for operating generating units should not be recovered through the fuel clause. Thus, no recovery should be permitted.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program a or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3J:** **Has FPL made appropriate adjustments, if any are needed, to account for replacement power costs associated with the extended refueling outage in 2014 at Saint Lucie Unit 2?  If appropriate adjustments are needed and have not been made, what adjustment(s) should be made?**

**POSITIONS**

**FPL:** No adjustments are necessary or appropriate, because FPL’s actions in connection with the refueling outage extension in 2014 at Saint Lucie Unit 2 were prudent. (GRISSETTE, JONES, REED)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** No. The $8,001,909 for replacement fuel costs for the St. Lucie 2 (April 2014) extended outage should be disallowed. This Event was reasonably preventable. FPL should have followed good utility practice. Instead, FPL missed opportunities to conduct thorough inspections of the upper guide structure following the SL2-19, SL2-20, and SL2-21 refueling outages. In addition, a similar dropped stainless steel nozzle incident during a previous refueling outage should have alerted FPL to the need for increased inspections and complete, detailed tool inventories. However, FPL failed to account for all the spray nozzles during SL2-19, which was a missed opportunity to avoid the SL2-21 extended outage.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** No. $8,001,909 for replacement fuel costs for the St. Lucie 2 (April 2014) extended outage should be disallowed.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3K:** **What costs are appropriate for FPL’s Woodford natural gas exploration and production project for recovery through the Fuel Clause?**

**POSITIONS**

**FPL:** The amount of total system recoverable expenses related to FPL’s Woodford Project that FPL should be allowed to recover through the Fuel Clause for 2015 and 2016 are $24,611,461 and $53,777,690, respectively. (YUPP)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** None.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3L:** **Deleted per Order No. PSC-15-0418-PCO-EI, issued on October 1, 2015.**

**ISSUE 3M:** **Deleted per Order No. PSC-15-0418-PCO-EI, issued on October 1, 2015.**

**ISSUE 3N:** **Should the Commission approve FPL’s proposed generation base rate adjustment (GBRA) factor of 3.899 percent for the Port Everglades Energy Center (PEEC) expected to go in-service on June 1, 2016?**

**POSITIONS**

**FPL:** Yes. The GBRA factor of 3.899 percent for PEEC was calculated consistent with the Stipulation and Settlement approved by the Commission in Order No. PSC-13-0023-S-EI and should be approved. New charges reflecting the increase for the GBRA factor will be applied to meter readings made on and after the commercial in-service date of PEEC, currently projected to occur by June 1, 2016. The Summary of Tariff Changes is provided in Document TCC-3. FPL will submit for administrative approval by Staff revised tariff sheets reflecting these new charges prior to the actual commercial in service date. Once PEEC’s actual capital costs are known, if the unit’s actual capital costs are less than the projected costs used to develop this initial GBRA Factor, the factor would be recalculated and a one-time credit would be made to customers through the capacity clause. The revised GBRA Factor would be computed using the same data and methodology incorporated into the initial GBRA Factor, with the exception that PEEC’s actual capital costs will be used in lieu of the capital cost upon which the initial GBRA factor was based. On a going forward basis, base rates would be adjusted to reflect this revised GBRA Factor for PEEC. The difference between the cumulative base revenues since the implementation of the initial GBRA Factor and the cumulative base revenues that would have resulted if the revised GBRA Factor had been implemented during the same time period will be credited to customers through the capacity clause with interest at the 30-day commercial paper rate as specified in Rule 25-6.109. (COHEN)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3O:** **Should the replacement power costs related to the unplanned outages at St. Lucie Unit 2 in February and April 2015 be recovered through the fuel recovery clause?**

**POSITIONS**

**FPL:** Yes. (GRISSETTE)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** See Stipulation.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** No position.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 3P:** **Has FPL properly reflected in the fuel and purchased power cost recovery clause the effects of acquiring the Cedar Bay facility and terminating the existing Cedar Bay power purchase agreement consistent with the terms of the settlement agreement between FPL and OPC approved in Docket No. 150075-EI?**

**POSITIONS**

**FPL:** Yes. (KEITH)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** No position.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** No position.

**PCS**

**PHOSPHATE:** No position.

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

**Florida Public Utilities Company**

**ISSUE 4A: Should FPUC be permitted to recover the cost (depreciation expense, taxes, and return on investment) of building an interconnection between FPL’s substation and FPUC’s Northeast Division through the fuel recovery clause?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** Yes. The Company should be allowed to recover the costs of this project through the fuel cost recovery clause. The project costs constitute unanticipated fuel-related costs not included in the computation of base rates for the Company. The project itself is designed to lower the delivered price of purchased power to the Company, which will produce savings for FPUC’s customers. As such, the Company’s request for recovery is consistent with prior cases in which similar types of project costs have been allowed for recovery through the clause. Moreover, the costs for which FPUC seeks recovery are not indicative of an increase in costs that otherwise would have been recovered through base rates. Allowing recovery through the clause avoids regulatory lag that would be associated with a proceeding to recover the costs through base rates. In addition, allowing recovery through the clause provides a more appropriate match with regard to the incurrence of the costs and appropriately encourages the utility to avail itself of opportunities that will provide long-term fuel savings and additional benefits to customers. *(Young/Cutshaw)*

**GULF:** No position.

**TECO:** No position.

**OPC:** No. Recovery of costs associated with transmission lines are not fossil fuel-related costs. Transmission costs are traditionally and historically recovered through base rates, not the fuel clause. Additionally, FPUC’s request to recover these costs in the fuel clause violates the Company’s rate case stipulation pursuant to Order PSC-14-0517-S-EI. Further, FPUC’s argument that the transmission costs should be recovered as 2016 fuel costs should be rejected as the opportunity for potential “fuel savings” will not occur in 2016 because the current Purchase Power Agreement (PPA) does not expire until 2017 and this plant will not go into service until the end of 2017.

**FIPUG:** No.  Such costs should be recovered in base rates, not through the fuel clause.

**FRF:** No. Recovery of costs associated with transmission lines are not fossil fuel-related costs. Transmission costs are traditionally and historically recovered through base rates, not the fuel clause. Additionally, FPUC’s request to recover these costs in the fuel clause violates the Company’s rate case stipulation pursuant to Order PSC-14-0517-S-EI. Further, FPUC’s argument that the transmission costs should be recovered as 2016 fuel costs should be rejected as the opportunity for potential “fuel savings” will not occur in 2016 because the current PPA does not expire until 2017 and this plant will not go into service until the end of 2017.

**PCS**

**PHOSPHATE:** No.

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

**ISSUE 4B: Should FPUC’s request to recover consulting and legal fees through the fuel clause be approved?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** Yes. These costs were not anticipated in the Company’s last rate case and tend to fluctuate significantly from year to year. These costs are not associated with the day-to-day administration of existing contracts for power purchases from FPUC’s wholesale providers, but are, instead, consulting and legal expenses incurred specifically for the purpose of pursuing projects and contracts that will inure to the benefit of FPUC’s ratepayers. FPUC has historically recovered similar legal and consulting expenses through the fuel clause. Moreover, the costs for which FPUC seeks recovery are not indicative of an increase in costs that otherwise would have been recovered through base rates. As such, these costs are appropriate for recovery through the fuel cost recovery clause. *(Young/Cutshaw)*

**GULF:** No position.

**TECO:** No position.

**OPC:** No. The requested consulting and legal fees are not fossil fuel-related costs. Consulting fees to research new opportunities for generation are costs that are traditionally and historically recovered through base rates. Additionally, FPUC’s request to recover these costs in the fuel clause violates the Company’s rate case stipulation pursuant to Order PSC-14-0517-S-EI. Further, these consulting costs are related to fuel procurement administration costs which, pursuant to Order No. 14546, are more appropriately recovered through base rates. Moreover, FPUC’s argument that its consulting and legal fees for generation opportunities may produce fuel savings and, as such, should be recovered as 2016 fuel costs, should be rejected, as no “fuel savings” will occur in 2016.

**FIPUG:** No. Such costs should be recovered in base rates, not through the fuel clause. Furthermore, any lobbying-type expenses should not be recovered.

**FRF:** No. The requested consulting and legal fees are not fossil fuel-related costs. Consulting fees to research new opportunities for generation are costs that are traditionally and historically recovered through base rates. Additionally, FPUC’s request to recover these costs in the fuel clause violates the Company’s rate case stipulation pursuant to Order PSC-14-0517-S-EI. Further, these consulting costs are related to fuel procurement administration costs which, pursuant to Order No. 14546, are more appropriately recovered through base rates. Moreover, FPUC’s argument that its consulting and legal fees for generation opportunities may produce fuel savings and, as such, should be recovered as 2016 fuel costs, should be rejected, as no “fuel savings” will occur in 2016.

**PCS**

**PHOSPHATE:** No position.

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

**Gulf Power Company**

**ISSUE 5A: Should the Commission approve as prudent Gulf’s actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in Gulf’s April 2015 and August 2015 hedging reports?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** Yes. (Ball)

**TECO:** No position.

**OPC:** Gulf has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether Gulf has met its burden of proof on this issue.

**FIPUG:** No. Hedging should be discontinued.

**FRF:** Gulf has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether Gulf has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 5B: Should the Commission approve Gulf’s 2016 Risk Management Plan?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** Yes. (Ball)

**TECO:** No position.

**OPC:** No. The plan should not be approved as filed inasmuch as it would authorize the company to continue the financial hedging of natural gas.

**FIPUG:** Hedging should be discontinued.

**FRF:** No. The plan should not be approved as filed because it would authorize the company to continue the financial hedging of natural gas.

**PCS**

**PHOSPHATE:** No position.

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

**Tampa Electric Company**

**ISSUE 6A:** **Should the Commission approve as prudent TECO’s actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in TECO’s April 2015 and August 2015 hedging reports?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** Yes. Tampa Electric prudently followed its 2014 and 2015 Risk Management Plans and accordingly utilized financial hedges to mitigate volatility of natural gas prices during the period January 2014 through July 2015. (Witness: Caldwell)

**OPC:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether TECO has met its burden of proof on this issue.

**FIPUG:** No. Hedging should be discontinued.

**FRF:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether TECO has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 6B: Should the Commission approve TECO’s 2016 Risk Management Plan?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** Yes. Tampa Electric’s 2016 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Witness: Caldwell)

**OPC:** No. The plan should not be approved as filed inasmuch as it would authorize the company to continue the financial hedging of natural gas.

**FIPUG:** Hedging should be discontinued.

**FRF:** No. The plan should not be approved as filed because it would authorize the company to continue the financial hedging of natural gas.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 6C:** **What is the appropriate amount of capital costs for the Big Bend fuel conversion project that TECO should be allowed to recover through the Fuel Clause for the period January 2015 through December 2015?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** The appropriate 2015 amount of capital costs for the Big Bend Fuel conversion project that Tampa Electric should be allowed to recover through the fuel clause is $3,744,426. (Witness: Rusk)

**OPC:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether TECO has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that TECO must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that TECO requests in this proceeding.

**FRF:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether TECO has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 6D:** **What is the appropriate amount of capital costs for the Big Bend fuel conversion project that TECO should be allowed to recover through the Fuel Clause for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** The appropriate 2016 amount of capital costs for the Big Bend Fuel conversion project that Tampa Electric should be allowed to recover through the fuel clause is $4,894,041. (Witness: Rusk)

**OPC:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether TECO has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that TECO must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that TECO requests in this proceeding.

**FRF:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether TECO has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 6E:** **Are adjustments needed to account for replacement costs associated with the June 2015 forced outage at Big Bend Unit 2? If adjustments are needed, what adjustments should be made?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No. The forced outage was not attributable to any fault on the part of Tampa Electric and the company acted prudently in responding to the outage and restoring the unit to service. (Witness: Buckley)

**OPC:** The $1.7 million cost of replacement fuel for the Big Bend Unit 2 outage should be disallowed if the bearing lube oil contamination was reasonably preventable. Any reimbursement of costs for replacement power should be credited to the fuel clause for the benefit of the ratepayers.

**FIPUG:** FIPUG takes no position on this issue other than that TECO must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that TECO requests in this proceeding.

**FRF:** The $1.7 million cost of replacement fuel for the Big Bend Unit 2 outage should be disallowed if the bearing lube oil contamination was reasonably preventable. Any reimbursement of costs for replacement power should be credited to the fuel clause for the benefit of the ratepayers.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 6F:** **Should TECO be allowed to recover through the fuel clause the costs associated with testing natural gas as a co-fired fuel at the Big Bend station?**

**POSITIONS**

**FPL:** No position.

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** Yes. Tampa Electric’s plans to test natural gas as a co-fired fuel at Big Bend Station are prudent and in its customers’ interests. Only the cost of the natural gas burned during the testing is sought to be recovered, and all of the natural gas utilized during the testing will generate electricity that is supplied to the company’s retail customers. (Witness: Caldwell)

**OPC:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether TECO has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that TECO must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that TECO requests in this proceeding.

**FRF:** TECO has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether TECO has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 7**: **What are the appropriate actual benchmark levels for calendar year 2015 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?**

**POSITIONS**

**FPL:** FPL implemented a new Incentive Mechanism beginning in 2013, which was a component of the Stipulation and Settlement that was approved by the Commission in Order No. PSC-13-0023-S-EI issued on January 14, 2013 in Docket No. 120015-EI. The new Incentive Mechanism does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI, so there is no need to continue calculating that benchmark for FPL. (KEITH)

**DEF:** $1,739,843. (Menendez)

**FPUC:** No position.

**GULF:** $677,983. (Ball, Boyett)

**TECO:** $1,479,981. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 8**: **What are the appropriate estimated benchmark levels for calendar year 2016 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?**

**POSITIONS**

**FPL:** FPL implemented a new Incentive Mechanism beginning in 2013, which was a component of the Stipulation and Settlement that was approved by the Commission in Order No. PSC-13-0023-S-EI issued on January 14, 2013 in Docket No. 120015-EI. The new Incentive Mechanism does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI, so there is no need to continue calculating that benchmark for FPL. (KEITH)

**DEF:** $2,704,668. (Menendez)

**FPUC:** No position.

**GULF:** $752,900. (Ball, Boyett)

**TECO:** $1,532,270. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 9:** **What are the appropriate final fuel adjustment true-up amounts for the period January 2014 through December 2014?**

**POSITIONS**

**FPL:** $10,088,837 over-recovery, which is being refunded as part of the mid-course correction approved by Order No. PSC-15-0161-PCO-EI. (KEITH)

**DEF:** $11,604,966 over-recovery. (Menendez)

**FPUC:** $1,476,353 (Under-recovery) *(Young)*

**GULF:** Over-recovery $8,084,753. (Boyett)

**TECO:** $2,919,025 under-recovery. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 10**: **What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2015 through December 2015?**

**POSITIONS**

**FPL:** $66,818,243 under-recovery. (KEITH)

**DEF:** $67,126,064 over-recovery. (Menendez)

**FPUC:** $112,373 (Under-recovery) *(Young)*

**GULF:** Over-recovery $11,285,334. (Boyett)

**TECO:** $30,509,575 over-recovery. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 11**: **What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2016 to December 2016?**

**POSITIONS**

**FPL:** $66,818,243 under-recovery. (KEITH)

**DEF:** $78,731,032 over-recovery. (Menendez)

**FPUC:** $1,588,726. (Under-recovery) *(Young)*

**GULF:** Refund $19,370,087. (Boyett)

**TECO:** $27,590,550 over-recovery. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 12**: **What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** $3,023,588,111 excluding prior period true-ups, revenue taxes, FPL’s portion of Incentive Mechanism gains and the GPIF reward. (KEITH)

**DEF:** $1,480,800,063. (Menendez)

**FPUC:** The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2016 through December 2016 is $67,488,997. *(Young)*

**GULF:** $400,060,296 including prior period true-up amounts and revenue taxes. (Boyett)

**TECO:** The total recoverable fuel and purchased power recovery amount to be collected, adjusted by the jurisdictional separation factor, excluding GPIF and the revenue tax factor, but including the true-up amount, is $688,014,513. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**Duke Energy Florida, Inc.**

No company-specific issues for Duke Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 13A, 13B, 13C, and so forth, as appropriate.

**Florida Power & Light Company**

**ISSUE 14A:** **Has FPL properly reflected in its 2016 GPIF targets/ranges the effects of acquiring the Cedar Bay facility and terminating the existing Cedar Bay power purchase agreement consistent with the terms of the settlement agreement between FPL and OPC that was approved in Docket No. 150075-EI?**

**POSITIONS**

**FPL:** Yes.(ROTE)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** No position.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and   other relief that FPL requests in this proceeding.

**FRF:** No position.

**PCS**

**PHOSPHATE:** No position.

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

**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 15A, 15B, 15C, 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 16A, 16B, 16C, and so forth, as appropriate.

**GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**ISSUE 17**: **What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2014 through December 2014 for each investor-owned electric utility subject to the GPIF?**

**POSITIONS**

**FPL:** $23,303,114 reward. (ROTE)

**DEF:** $8,613,797 penalty. (Jones)

**FPUC:** No position.

**GULF:** $2,648,312 reward. (Nicholson)

**TECO:** A reward in the amount of $1,258,600. (Witness: Buckley)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

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

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

**ISSUE 18**: **What should the GPIF targets/ranges be for the period January 2016 through December 2016 for each investor-owned electric utility subject to the GPIF?**

**POSITIONS**

**FPL:**

|  |  |  |
| --- | --- | --- |
|  | EAF Target | ANOHR TARGET |
| Plant / Unit | ( % ) | BTU/KWH |
| Ft. Myers 2 | 90.3 | 7,344 |
| Martin 8 | 82.3 | 7,017 |
| Manatee 3 | 92.6 | 7,011 |
| St. Lucie 1 | 85.1 | 10,471 |
| St. Lucie 2 | 92.5 | 10,270 |
| Turkey Point 3 | 90.8 | 11,102 |
| Turkey Point 4 | 84.6 | 11,082 |
| Turkey Point 5 | 93.5 | 7,132 |
| West County 1 | 90.8 | 6,967 |
| West County 2 | 90.1 | 6,891 |
| West County 3 | 91.7 | 6,851 |

(ROTE)

**DEF:** The appropriate targets and ranges are shown on Page 4 of Exhibit MJJ-1P filed on September 1, 2015 with the Direct Testimony of Matthew J. Jones. (Jones)

**FPUC:** No position.

**GULF:** See table below: (Nicholson)

|  |  |  |
| --- | --- | --- |
| **Unit** | **EAF** | **Heat Rate** |
| Crist 6 | 95.7 | 10,760 |
| Crist 7 | 82.3 | 10,449 |
| Daniel 1 | 92.9 | 10,698 |
| Daniel 2 | 95.2 | 10,605 |
| Smith 3 | 83.2 | 6,874 |
| EAF = Equivalent Availability Factor (%) |

**TECO:** The appropriate targets and ranges are shown in Exhibit No. \_\_\_\_ (BSB-2) to the prefiled testimony of Mr. Brian S. Buckley. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and modified in 2006 by Commission Order No. PSC-06-1057-FOF-EI in Docket No. 060001-EI.

 (Witness: Buckley)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**Fuel Factor Calculation ISSUES**

**ISSUE 19**: **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 2016 through December 2016?**

**POSITIONS**

**FPL:** $3,128,284,160 including prior period true-ups, revenue taxes, FPL’s portion of Incentive Mechanism gains and the GPIF reward. (KEITH)

**DEF:** $1,394,464,724. (Menendez)

**FPUC:** 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 2016 through December 2016 is $68,977,723, which includes prior period true-ups. *(Young)*

**GULF:** $402,708,608 including prior period true-up amounts and revenue taxes. (Boyett)

**TECO:** The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2016 through December 2016, adjusted by the jurisdictional separation factor, is $715,605,063. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up and GPIF and adjusted for the revenue tax factor, is $689,768,483. (Witness: Rusk, Caldwell, Buckley, Smith)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 20**: **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 2016 through December 2016?**

**POSITIONS**

**FPL:** 1.00072. (KEITH)

**DEF:** 1.00072 (Menendez)

**FPUC:** The appropriate tax revenue factor is 1.00072. *(Young)*

**GULF:** 1.00072. (Boyett)

**TECO:** The appropriate revenue tax factor is 1.00072 (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 21**: **What are the appropriate levelized fuel cost recovery factors for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** FPL proposes that the fuel factors be reduced as of the in-service date of Port Everglades Energy Center (PEEC) to reflect the projected jurisdictional fuel savings for PEEC. FPL is proposing the following separate factors for January 2016 through May 2016 and for June 2016 through December 2016:

(a) 2.898 cents/kWh for January 2016 through the day prior to the PEEC in-service date (projected to be May 31, 2016);

(b) 2.837 cents/kWh from the PEEC in-service date (projected to be June 1, 2016) through December 2016. (KEITH)

**DEF:** 3.677 cents per kWh (adjusted for jurisdictional losses). (Menendez)

**FPUC:** The appropriate factor is 6.693¢ per kWh. *(Young)*

**GULF:** 3.650 cents/kWh. (Boyett)

**TECO:** The appropriate factor is 3.671 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 22**: **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?**

**POSITIONS**

**FPL:** The appropriate fuel cost recovery line loss multipliers are provided in response to Issue No. 23. (KEITH)

**DEF:**

 Delivery Line Loss

Group Voltage Level Multiplier

 A. Transmission 0.9800

 B. Distribution Primary 0.9900

 C. Distribution Secondary 1.0000

 D. Lighting Service 1.0000

 (Menendez)

**FPUC:** The appropriate line loss multiplier is 1.0000. *(Young)*

**GULF:** See table below: (Boyett)

|  |  |  |
| --- | --- | --- |
| **Group** | **Rate Schedules** | **Line Loss Multipliers** |
| A | RS, RSVP, RSTOU, GS,GSD, GSDT, GSTOU, OSIII, SBS(1) | 1.00773 |
| B | LP, LPT, SBS(2)  | 0.98353 |
| C | PX, PXT, RTP, SBS(3) | 0.96591 |
| D | OSI/II | 1.00777 |
| 1. Includes SBS customers with a contract demand in the range of 100 to 499 kW
2. Includes SBS customers with a contract demand in the range of 500 to 7,499 kW
3. Includes SBS customers with a contract demand over 7,499 kW
 |

**TECO:** The appropriate fuel recovery line loss multipliers are as follows:

 Line Loss

Metering Voltage Schedule Multiplier

Distribution Secondary 1.0000

Distribution Primary 0.9900

Transmission 0.9800

Lighting Service 1.0000

(Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 23**: **What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?**

**POSITIONS**

**FPL:**









(KEITH)

**DEF:**

|  |
| --- |
| Fuel Cost Factors (cents/kWh)GSD-1, GSDT-1, SS-1, CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3, IS-1, IST-1, IS-2, IST-2, SS-2, LS-1 |
|  | Time of Use |
| Group | DeliveryVoltage Level | First TierFactor | Second TierFactors | LevelizedFactors | On-Peak | Off-Peak |
| A | Transmission | -- | -- | 3.608  | 4.860 | 3.034 |
| B | Distribution Primary | -- | -- | 3.645 | 4.910 | 3.065 |
| C | Distribution Secondary | -- | -- | 3.682 | 4.960 | 3.097 |
| D | Lighting Secondary | -- | -- | 3.445 | -- | -- |

(Menendez)

|  |
| --- |
| Fuel Cost Factors (cents/kWh)RS-1, RST-1, RSL-1, RSL-2, RSS-1 |
|  | Time of Use |
| Group | DeliveryVoltage Level | First TierFactor | Second TierFactors | LevelizedFactors | On-Peak | Off-Peak |
| C | Distribution Secondary | 3.353  | 4.353 | 3.634 | 4.895 | 3.056 |

(Menendez)

|  |
| --- |
| Fuel Cost Factors (cents/kWh)GS-1, GST-1, GS-2 |
|  | Time of Use |
| Group | DeliveryVoltage Level | First TierFactor | Second TierFactors | LevelizedFactors | On-Peak | Off-Peak |
| A | Transmission | -- | -- | 3.574  | 4.814 | 3.006 |
| B | Distribution Primary | -- | -- | 3.611 | 4.864 | 3.037 |
| C | Distribution Secondary | -- | -- | 3.647 | 4.913 | 3.067 |

(Menendez)

**FPUC:** The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2016 through December 2016 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are as follows:

|  |  |
| --- | --- |
| *Rate Schedule* | *Adjustment* |
| RS | $0.10620 |
| GS | $0.10170 |
| GSD | $0.09710 |
| GSLD | $0.09408 |
| LS | $0.07212 |
| Step rate for RS |  |
| RS Sales | $0.10620 |
| RS with less than 1,000 kWh/month | $0.10189 |
| RS with more than 1,000 kWh/month | $0.11439 |

Consistent with the fuel projections for the 2016 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2016 period are:

*Time of Use/Interruptible*

| *Rate Schedule* | *Adjustment On Peak* | *Adjustment Off Peak* |
| --- | --- | --- |
| RS | $0.18589 | $0.06289 |
| GS | $0.14170 | $0.05170 |
| GSD | $0.13710 | $0.06460 |
| GSLD | $0.15408 | $0.06408 |
| Interruptible | $0.07908 | $0.09408 |

*(Young)*

**GULF:** See table below: (Boyett)

|  |  |  |  |
| --- | --- | --- | --- |
| **Group** | **Rate Schedules**\* | **Line Loss Multipliers** | **Fuel Cost Factors ¢/KWH**  |
| **Standard** | **Time of Use** |
| **On-Peak** | **Off-Peak** |
| A | RS, RSVP, RSTOU,GS,GSD, GSDT, GSTOU, OSIII, SBS(1) | 1.00773 | 3.678 | 4.494 | 3.342 |
| B | LP, LPT, SBS(2) | 0.98353 | 3.590 | 4.387 | 3.261 |
| C | PX, PXT, RTP, SBS(3) | 0.96591 | 3.526 | 4.308 | 3.203 |
| D | OSI/II | 1.00777 | 3.631 | N/A | N/A |
| \*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. |

**TECO:** The appropriate factors are as follows:

 Fuel Charge

 Metering Voltage Level Factor (cents per kWh)

Secondary 3.676

RS Tier I (Up to 1,000 kWh) 3.361

RS Tier II (Over 1,000 kWh) 4.361

Distribution Primary 3.639

Transmission 3.602

Lighting Service 3.627

Distribution Secondary 3.937 (on-peak)

 3.564 (off-peak)

Distribution Primary 3.898 (on-peak)

 3.528 (off-peak)

Transmission 3.858 (on-peak)

 3.493 (off-peak)

(Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** The loss of DEF’s nuclear generation and reductions in its coal-fired generation will lead to a shrinking differential between peak and off-peak fuel rates that is inconsistent with core statutory objectives set forth in FEECA. Section 366.81, F.S. The Commission should direct DEF to address this concern in its next fuel factor filing.

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

**II. Capacity Issues**

**COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES**

**Duke Energy Florida, Inc.**

**ISSUE 24A: Has DEF included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 150009-EI?**

**POSITIONS**

**FPL:** No position.

**DEF:** For the Crystal River 3 Uprate project, the amount to be included is $56,510,403, which was approved by the Commission in a bench vote at Hearing on August 18, 2015. At Hearing, on August 18, 2015, the FPSC approved DEF’s stipulation with the parties to leave the Levy portion of the NCRC charge at $0 for 2016 and 2017. (Menendez)

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** DEF has, the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether DEF has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that DEF must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that DEF requests in this proceeding.

**FRF:** DEF has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether DEF has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**Florida Power & Light Company**

**ISSUE 25A: Has FPL included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 150009-EI?**

**POSITIONS**

**FPL:** Yes. As approved by the Commission at its October 19, 2015 Special Agenda Conference, FPL has included $34,249,614. [Note: Staff has recommended approval of this amount. If a different amount is approved by the Commission, FPL will revise its position on this and fall-out Capacity Clause issues accordingly at the Prehearing Conference.] (KEITH)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** No position at this time pending the Commission’s determination in Docket No. 150009-EI. However, once those NCRC costs are determined, FPL has, the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** No position at this time pending the Commission’s determination in the Nuclear Cost Recovery Docket, Docket No. 150009-EI. However, once those NCRC costs are determined, FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 25B: What are the appropriate 2016 projected non-fuel revenue requirements for West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause?**

**POSITIONS**

**FPL:** $145,515,209. (KEITH)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** FPL has, the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether FPL has met its burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** FPL has the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether FPL has met its burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 25C:** **Has FPL properly reflected in the capacity cost recovery clause the effects of acquiring the Cedar Bay facility and terminating the existing Cedar Bay power purchase agreement consistent with the terms of the settlement agreement between FPL and OPC that was approved in Docket No. 150075-EI?**

**POSITIONS**

**FPL:** Yes. (KEITH)

**DEF:** No position.

**FPUC:** No position.

**GULF:** No position.

**TECO:** No position.

**OPC:** No position.

**FIPUG:** FIPUG takes no position on this issue other than that FPL must meet its burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that FPL requests in this proceeding.

**FRF:** No position.

**PCS**

**PHOSPHATE:** No position.

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

**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 26A, 26B, 26C, 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 27A, 27B, 27C, and so forth, as appropriate.

**GENERIC CAPACITY COST RECOVERY FACTOR ISSUES**

**ISSUE 28:** **What are the appropriate final capacity cost recovery true-up amounts for the period January 2014 through December 2014?**

**POSITIONS**

**FPL:** $2,951,171 under-recovery. (KEITH)

**DEF:** $13,962,445 under-recovery. (Menendez)

**FPUC:** No position.

**GULF:** Under-recovery of $893,047. (Ball, Boyett)

**TECO:** $140,386 over-recovery. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 29**: **What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2015 through December 2015?**

**POSITIONS**

**FPL:** $7,699,316 over-recovery. (KEITH)

**DEF:** $24,680,810 under-recovery. (Menendez)

**FPUC:** No position.

**GULF:** Over-recovery of $910,906. (Boyett)

**TECO:** $2,063,383 over-recovery. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 30**: **What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** $4,748,145 over-recovery. (KEITH)

**DEF:** $38,643,256 under-recovery. (Menendez)

**FPUC:** No position.

**GULF:** Refund of $17,859. (Boyett)

**TECO:** $2,203,769 over-recovery. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**Issue 31:** **What are the appropriate projected total capacity cost recovery amounts for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** Jurisdictionalized, $321,148,426 for the period January 2016 through December 2016, excluding prior period true-ups, revenue taxes, nuclear cost recovery amount, and WCEC-3 jurisdictional non-fuel revenue requirements. (KEITH)

**DEF:** $358,842,970. (Menendez)

**FPUC:** No position.

**GULF:** $85,495,331. (Ball, Boyett)

**TECO:** The projected total capacity cost recovery amount for the period January 2016 through December 2016 is $30,473,670. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 32**: **What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** The projected net purchased power capacity cost recovery amount to be recovered over the period January 2016 through December 2016 is $496,417,572, including prior period true-ups, revenue taxes, the nuclear cost recovery amount and WCEC-3 revenue requirements. (KEITH)

**DEF:** The appropriate projected net purchased power capacity cost recovery amount, excluding nuclear cost recovery, is $397,772,416. The appropriate nuclear cost recovery amount is that which is approved in Issue 24A. (Menendez)

**FPUC:** No position.

**GULF:** $85,539,016 including prior period true-up amounts and revenue taxes. (Ball, Boyett)

**TECO:** The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is $28,290,255. (Witness: Rusk, Smith)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**ISSUE 33**: **What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** The appropriate jurisdictional separation factors are:

 FPSC 94.67506%

 FERC 5.32494% (KEITH)

**DEF:** Base – 92.885%, Intermediate – 72.703%, Peaking – 95.924%, consistent with the Revised and Restated Stipulation and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI. (Menendez)

**FPUC:** No position.

**GULF:** 97.07146%. (Boyett)

**TECO:** The appropriate jurisdictional separation factor is 1.0000000. (Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** No position.

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

**ISSUE 34**: **What are the appropriate capacity cost recovery factors for the period January 2016 through December 2016?**

**POSITIONS**

**FPL:** The January 2016 through December 2016 capacity cost recovery factors including WCEC-3 factors are as follows:



(KEITH)

**DEF:**

 Rate Class CCR Factor

Residential 1.418 cents/kWh

General Service Non-Demand 1.100 cents/kWh

 @ Primary Voltage 1.089 cents/kWh

 @ Transmission Voltage 1.078 cents/kWh

General Service 100% Load Factor 0.779 cents/kWh

General Service Demand 3.94 $/kW-month

 @ Primary Voltage 3.90 $/kW-month

 @ Transmission Voltage 3.86 $/kW-month

Curtailable 2.32 $/kW-month

 @ Primary Voltage 2.30 $/kW-month

 @ Transmission Voltage 2.27 $/kW-month

Interruptible 3.14 $/kW-month

 @ Primary Voltage 3.11 $/kW-month

 @ Transmission Voltage 3.08 $/kW-month

Standby Monthly 0.383 $/kW-month

 @ Primary Voltage 0.379 $/kW-month

 @ Transmission Voltage 0.375 $/kW-month

Standby Daily 0.182 $/kW-month

 @ Primary Voltage 0.180 $/kW-month

 @ Transmission Voltage 0.178 $/kW-month

Lighting 0.217 cents/kWh

(Menendez)

**FPUC:** No position.

**GULF:** See table below: (Boyett)

|  |  |
| --- | --- |
| **RATE****CLASS** | **CAPACITY COST****RECOVERY FACTORS****¢/KWH** |
| RS, RSVP, RSTOU | 0.919 |
| GS | 0.812 |
| GSD, GSDT, GSTOU | 0.705 |
| LP, LPT | 2.98 ($/kW) |
| PX, PXT, RTP, SBS | 0.581 |
| OS-I/II | 0.123 |
| OSIII | 0.544 |

**TECO:** The appropriate factors for January 2016 through December 2016 are as follows:

Rate Class and Capacity Cost Recovery Factor

Metering Voltage Cents per kWh $ per kW

RS Secondary 0.178

GS and TS Secondary 0.166

GSD, SBF Standard

Secondary 0.53

Primary 0.52

Transmission 0.52

GSD Optional

Secondary 0.123

Primary 0.122

IS, SBI

Primary 0.43

Transmission 0.42

LS1 Secondary 0.021

(Witness: Rusk)

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The FRF takes no position on whether the utilities have met their burden of proof on this issue.

**PCS**

**PHOSPHATE:** PCS agrees with the Office of Public Counsel.

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

**III. Effective Date**

**ISSUE 35**: **What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?**

**POSITIONS**

**FPL:** FPL is requesting that the fuel adjustment factors and capacity cost recovery factors become effective with customer bills for January 2016 (cycle day 1) through December 2016 (cycle day 21). This will provide for 12 months of billing for all customers. Thereafter, FPL’s fuel adjustment factors and capacity cost recovery factors should remain in effect until modified by the Commission. (KEITH)

**DEF:** The new factors should be effective beginning with the first billing cycle for January 2016 through the last billing cycle for December 2016. The first billing cycle may start before January 1, 2016, and the last billing cycle may end after December 31, 2016, so long as each customer is billed for twelve months regardless of when the factors became effective. (Menendez)

**FPUC:** The effective date for FPUC's cost recovery factors should be the first billing cycle for January 1, 2016, which could include some consumption from the prior month. Thereafter, customers should be billed the approved factors for a full 12 months, unless the factors are otherwise modified by the Commission. *(Young)*

**GULF:** The new fuel and capacity factors should be effective beginning with the first billing cycle for January 2016 and thereafter through the last billing cycle for December 2016. Billing cycles may start before January 1, 2016 and the last cycle may be read after December 31, 2016, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Boyett)

**TECO:** The new factors should be effective beginning with the specified billing cycle and thereafter for the period January through the last billing cycle for December 2016. The first billing cycle may start before January 1, 2016, and the last billing cycle may end after December 31, 2016, so long as each customer is billed for 12 months regardless of when the fuel factors became effective. (Witness: Rusk)

**OPC:** No position.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** No position.

**PCS**

**PHOSPHATE:** No position.

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

**IV. TARIFF APPROVAL**

**ISSUE 36: Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding?**

**POSITIONS**

**FPL:** Yes.  The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding.  The Commission should direct staff to verify that the revised tariffs are consistent with the Commission’s decision. (KEITH)

**DEF:** Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding.  The Commission should direct staff to verify that the revised tariffs are consistent with the Commission’s decision. (Menendez)

**FPUC:** Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission’s decision. (Agree with Commission staff.)

**GULF:** Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission’s decision. (Boyett)

**TECO:** Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct Staff to verify that the revised tariffs are consistent with the Commission's decision. (Witness: Rusk)

**OPC:** No position.

**FIPUG:** FIPUG takes no position on this issue other than that the respective utilities must meet their burden of proof at the hearing in this matter, pursuant to applicable law, to demonstrate entitlement to the monies and other relief that the utilities request in this proceeding.

**FRF:** No position.

**PCS**

**PHOSPHATE:** No position.

**STAFF:** Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission decision.

**ISSUE 37:** **Should this docket be closed?**

**POSITIONS**

**FPL:** The docket should be closed after issuance of the final order approving expenditures and true-up amounts for fuel adjustment factors; GPIF targets, ranges and rewards; and projected expenditures and true-up amounts for capacity cost recovery factors. (KEITH)

**DEF:** Yes.

**FPUC:** Yes.

**GULF:** Yes.

**TECO:** Yes.

**OPC:** No.

**FIPUG:** Yes.

**FRF:** No.

**PCS**

**PHOSPHATE:** No position.

**STAFF:** This docket is an on-going docket and should remain open.

**IX. EXHIBIT LIST**

| Witness | Proffered By |  | Description |
| --- | --- | --- | --- |
|  Direct |  |  |  |
| G. J. Yupp | FPL | GJY-1 | 2014 Incentive Mechanism Results **(CONFIDENTIAL)** |
| G. J. Yupp | FPL | GJY-2 | August 2014 through December 2014 Hedging Activity True-up Report **(CONFIDENTIAL)** |
| G. J. Yupp | FPL | GJY-3 | FCR 2016 Risk Management Plan **(CONFIDENTIAL)** |
| G. J. Yupp | FPL | GJY-4 | Hedging Activity Report **(CONFIDENTIAL)** |
| G. J. Yupp | FPL | GJY-5Revised | Fuel Cost Recovery Forecast Assumptions |
| Terry J. Keith | FPL | TJK-1 | Fuel Cost Recovery 2014 Final True Up Calculation |
| Terry J. Keith | FPL | TJK-2 | Capacity Cost Recovery 2014 Final True Up Calculation |
| Terry J. Keith | FPL | TJK-3 | PSC Order on Midcourse Correction  |
| Terry J. Keith | FPL | TJK-4 | FCR 2015 Actual/Estimated True Up Calculation |
| Terry J. Keith | FPL | TJK-5 | CCR 2015 2015 Actual/Estimated True Up Calculation |
| Terry J. Keith | FPL | TJK-6Revised | FCR 2016 E-Schedules, January through May 2016 |
| Terry J. Keith | FPL | TJK-7Revised | FCR 2016 E-Schedules, June through December 2016 |
| Terry J. Keith | FPL | TJK-8Revised | FCR 2016 E-Schedules, January through December 2016 |
| Terry J. Keith | FPL | TJK-9Revised | CCR 2016 E-Schedules, January through December 2016 **(CONFIDENTIAL)** |
| Terry J. Keith | FPL | TJK-10Revised | 2016 Revenue Requirement Calculation for West County Energy Center Unit 3 |
| C. R. Rote | FPL | JCB-1 | Generating Performance Incentive Factor Performance Results for January 2014 through December 2014 (Rote adopting Bullock) |
| C. R. Rote | FPL | CRR-1Revised | Generating Performance Incentive Factor Performance Targets for January 2016 through December 2016 (with Gas Reserves Project)  |
| Christopher A. Menendez | DEF | CAM-1T | Fuel Cost Recovery True-Up (Jan – Dec. 2014) |
| Christopher A. Menendez | DEF | CAM-2T | Capacity Cost Recovery True-Up (Jan – Dec. 2014) Confidential |
| Christopher A. Menendez | DEF | CAM-3T | Schedules A1 through A3, A6 and A12 for Dec 2014Confidential |
| Christopher A. Menendez | DEF | CAM-4T | 2014 Capital Structure and Cost Rates Applied to Capital Projects |
| Christopher A. Menendez | DEF | CAM-2 | Actual/Estimated true-up Schedules for periodJanuary – December 2015 |
| Christopher A. Menendez | DEF | CAM-3 | Projection factors for January to December 2016-Confidential |
| Joseph McCallister | DEF | JM-1T | Hedging True-Up January through December 2014-Confidential |
| Joseph McCallister | DEF | JM-1P | 2016 Risk Management Plan - Confidential |
| Joseph McCallister | DEF | JM-2P | Hedging Report (January – July 2015) - Confidential |
| Matthew J. Jones | DEF | MJJ-1T | GPIF Reward/Penalty Schedules for 2014 |
| Matthew J. Jones | DEF | MJJ-1P | GPIF Targets/Ranges Schedules (for Jan – Dec. 2016) |
| Jeffrey Swartz | DEF | JS-1 | DEF Root Cause Analysis (“RCA”) Report-Confidential |
| Jeffrey Swartz | DEF | JS-2 | DEF’s Major Project Restoration Milestones and Photographs |
| Curtis D. Young | FPUC | CDY-1 | Final True Up Schedules (Schedules A, C1 and E1-B for FPUC’s Divisions) |
| Curtis D. Young | FPUC | CDY-2 | Estimated/Actual (Schedules El-A, El-B, and El-B1) |
| Curtis D. Young | FPUC | CDY-3 | Schedules E1, E1A, E2, E7, E8, E10 and Schedule A |
| H. R. Ball | Gulf | HRB-1 | Coal Suppliers, Natural Gas Price Variance, Hedging Effectiveness  |
| H. R. Ball | Gulf | HRB-2 | Projected vs. Actual Fuel Cost of System Generation Comparison 2004 - 2015 |
| H. R. Ball | Gulf | HRB-3 | Hedging Information ReportAugust – December 2014  |
| H. R. Ball | Gulf | HRB-4 | Hedging Information ReportJanuary – July 2015 |
| H. R. Ball | Gulf | HRB-5 | Risk Management Plan for Fuel Procurement for 2016 |
| C. S. Boyett | Gulf | CSB-1 | Calculation of Final True-Up and A-SchedulesJanuary 2014 – December 2014 |
| C. S. Boyett | Gulf | CSB-2 | Estimated True-UpJanuary 2015 – December 2015 |
| C. S. Boyett | Gulf | CSB-3 | Projection January 2016 – December 2016 |
| C. L. Nicholson | Gulf | CLN-1 | Gulf Power Company GPIF Results January 2014 – December 2014  |
| C. L. Nicholson | Gulf | CLN-2 | Gulf Power Company GPIF Targets and RangesJanuary 2016 – December 2016  |
| Penelope A. Rusk | TECO | PAR-1 | Final True-up Capacity Cost Recovery January 2014 - December 2014; Final True-up Fuel Cost Recovery January 2014 – December 2014; Actual Fuel True-up Compared to Original Estimates January 2014 – December 2014; Schedules A-1, A-2 and A-6 through A-9 and A-12 January 2014 – December 2014; Final True-Up Polk Unit 1 Ignition Oil Conversion January 2014 – December 2014 |
| Penelope A. Rusk | TECO | PAR-2 | Actual/Estimated True-Up Fuel Cost Recovery January 2015 – December 2015; Actual/Estimated True-Up Capacity Cost Recovery January 2015– December 2015; Capital Projects Approved for Fuel Clause Recovery January 2015 – December 2015 |
| Penelope A. Rusk | TECO | PAR-3 | Projected Capacity Cost Recovery January 2016 – December 2016; Projected Fuel Cost Recovery January 2016 – December 2016; Levelized and Tiered Fuel Rate January 2016– December 2016; Capital Projects Approved for Fuel Clause Recovery January 2016 – December 2016 |
| Brian S. Buckley | TECO | BSB-1 | Final True-Up Generating Performance Incentive Factor January 2014 – December 2014; Actual Unit Performance Data January 2014 – December 2014 |
| Brian S. Buckley | TECO | BSB-2 | Generating Performance Incentive Factor January 2016 – December 2016; Summary of Generating Performance Incentive Factor Targets January 2016 – December 2016 |
| J. Brent Caldwell | TECO | JBC-1 | Final True-Up Hedging Activity Report January 2014 – December 2014 |
| J. Brent Caldwell | TECO | JBC-2 | Risk Management Plan January 2016 – December 2016 |
| J. Brent Caldwell | TECO | JBC-3 | Natural Gas Hedging Report January 2015 – July 2015 |
| Tarik Noriega | OPC | TN-1 | Résumé of Tarik Noriega |
| Tarik Noriega | OPC | TN-2 | IOU Natural Gas Hedging True-up Filings with the PSC |
| Tarik Noriega | OPC | TN-3 | IOU Natural Gas Hedging Results as Reported in Discovery |
| Daniel J. Lawton | OPC | DJL-1 | Resume of Daniel J. Lawton |
| Daniel J. Lawton | OPC | DJL-2 | Annual Natural Gas Analysis (1997–2015) |
| Daniel J. Lawton | OPC | DJL-3 | Monthly Natural Gas Analysis (2000–2015) |
| Daniel J. Lawton | OPC | DJL-4 | Monthly Natural Gas Analysis (1997–1999) |
| Daniel J. Lawton | OPC | DJL-5 | Monthly Natural Gas Analysis (2000 – 2002) |
| Daniel J. Lawton | OPC | DJL-6 | Monthly Natural Gas Analysis (2003 – 2006) |
| Daniel J. Lawton | OPC | DJL-7 | Monthly Natural Gas Analysis (2007 – 2010) |
| Daniel J. Lawton | OPC | DJL-8 | Monthly Natural Gas Analysis (2011 – 2015) |
| Daniel J. Lawton | OPC | DJL-9 | Analysis of Absolute Price Changes (1997 – 2015) |
| William R. Jacobs | OPC | WRJ-1 | Résumé of William R. Jacobs, Jr. |
| William R. Jacobs | OPC | WRJ-2 | 1st RCA (St. Lucie Generating Station, Unit 2 2B S/G Hotleg Foreign Object, Event Date: April 8, 2014) |
| William R. Jacobs | OPC | WRJ-3 | 2nd RCA (St. Lucie Generating Station, Unit 2 2B S/G Hotleg Foreign Object, Event Date: July 14, 2014) |
| Simon O. Ojada | Staff | SO-1 | Auditor’s Report - Duke Energy Florida, Inc. Hedging Activities |
| Gabriela Leon  | Staff | GL-1 | Auditor’s Report - Florida Power & Light Company Hedging Activities |
| Intesar Terkawi | Staff | IT-1 | Auditor’s Report - Tampa Electric Company Hedging Activities |
| George Simmons | Staff | GS-1 | Auditor’s Report – Gulf Power Company Hedging Activities |
|  Rebuttal |  |  |  |
| G.J. Yupp | FPL | GJY-6 | Corrected Table – OPC’s 4th Set of Interrogatories No. 26 |
| G.J. Yupp | FPL | GJY-7 | Corrected Responses – OPC’s 12th Set of Interrogatories Nos. 127 and 128 |
| G.J. Yupp | FPL | GJY-8 | Corrected Henry Hub Price and Volatility Graph |
| G.J. Yupp | FPL | GJY-9 | Black Scholes Model Results |
| G.J. Yupp | FPL | GJY-10 | Annualized Volatility Comparison |
| John J. Reed | FPL | JJR-1 | Résumé of John J. Reed |
| John J. Reed | FPL | JJR-2 | Expert Testimony of John J. Reed |
| Joseph McCallister | DEF | JM-1R | Natural Gas closing prices as of October 1, 2015 |
| Joseph McCallister | DEF | JM-2R | October 14, 2015 Errata Sheet-Corrected page 3 of the rebuttal Testimony of Joseph McCallister |
| H. R. Ball | Gulf | HRB-6 | Excerpt of Order PSC-02-1484-FOF-EI; Response to OPC’s First Set of Interrogatories No. 4  |

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

**X. PROPOSED STIPULATIONS**

 There are no stipulations at this time.

There are no proposed stipulations at this time.

**XI. PENDING MOTIONS**

The Office of Public Counsel filed a Notice of Amending Their Prehearing Statement to Object to John J. Reed’s Qualifications to Testify as an Expert Witness on the Subject Matter of his Rebuttal Testimony and Citizen’s Motion to Strike his Rebuttal Testimony on October 19, 2015. FPL filed its Response in Opposition to the Office of Public Counsel’s Motion to Strike Rebuttal Testimony on October 26, 2015.

The Office of Public Counsel filed a Motion for Reconsideration of the Order Granting Florida Public Utilities Company’s Request for Confidential Classification and Motion for Protective Order (Document No. 06240-15) on October 23, 2015. Order No. PSC-15-0461-CFO-EI, issued on October 14, 2015, grants confidentiality to FPUC’s responses to Commission Staff’s Second Set of Interrogatories Nos. 2(a), 2(b), 7, 8(b) and 9(c).

The Office of Public Counsel filed an Objection to Florida Public Utilities Company’s Request for Confidential Classification and Motion for Protective Order on October 23, 2015. This objection concerns FPUC’s responses to OPC’s First Set of Interrogatories No. 1 which contain information identical to that found in Commission Staff’s Second Set of Interrogatories Nos. 2(a) and 2(b) for which confidentiality has already been granted.

**XII. PENDING CONFIDENTIALITY MATTERS**

 There are several confidentiality matters pending. Separate confidentiality orders for all pre-filed testimony and exhibits will be issued prior to the hearing.

**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 100 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 100 words, it must be reduced to no more than 100 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 proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

**XIV. RULINGS**

By 5:00 p.m. on October 20, 2015, all parties were required to file a notice identifying any witnesses whose expertise they wish to challenge and the area of expertise that is being questioned for each witness. Failure to file this information will result in a waiver of the right to voir dire. Parties will also have until 5:00 p.m. October 20, 2015, to provide a position or more detailed responses to issues in which their current position is that the utilities must meet their burden of proof. Opening statements, if any, shall not exceed 10 minutes per party.

 It is therefore,

 ORDERED by Chairman Art Graham, 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 Chairman Art Graham, as Prehearing Officer, this 29th day of October, 2015.

|  |  |
| --- | --- |
|  | /s/ Art Graham |
|  | ART GRAHAMChairman 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.

SBr

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.