

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** June 1, 2017  
**TO:** All Parties of Record & Interested Persons *MB*  
**FROM:** Suzanne Brownless, Senior Attorney, Office of the General Counsel  
**RE:** Docket No. 170001-EI – In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

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Please note that an informal meeting between Commission staff and interested persons to the above-captioned docket has been scheduled for the following time and place:

Friday, June 9, 2017 at 10:00 to 11:00 a.m.  
Gerald L. Gunter Building, Room 105 (Internal Affairs Room)  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

The purpose of the meeting is to identify issues. Attendance is not required; however, all interested persons are encouraged to attend.

Interested persons may participate telephonically in this meeting by dialing **1-888-670-3525**, Passcode **3498283979** then #. If you have any questions about the meeting, please call Suzanne Brownless at (850) 413-6218.

If settlement of the case or a named storm or other disaster requires cancellation of the meeting, Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation will also be provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

SBr  
cc: Office of Commission Clerk

**DOCKET NO. 170001-EI**  
**PRELIMINARY ISSUES**  
**June 1, 2017**

**I. FUEL ISSUES**

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**Duke Energy Florida, Inc.**

**ISSUE 1A:** Should the Commission approve as prudent DEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in DEF's April 2017 and August 2017 hedging reports?

**ISSUE 1B:** What adjustments, if any, are needed to account for replacement power costs associated with the February 2017 outage at the Bartow generating plant?

**Florida Power & Light Company**

**ISSUE 2A:** Should the Commission approve as prudent FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in FPL's April 2017 and August 2017 hedging reports?

**ISSUE 2B:** What is the total gain in 2016 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?

**ISSUE 2C:** 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?

**ISSUE 2D:** 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?

**ISSUE 2E:** What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism can FPL recover through the fuel clause for the period January 2017 through December 2017?

**ISSUE 2F:** What is the appropriate amount of variable power plant O&M expenses under the Incentive Mechanism can FPL recover through the fuel clause for the period January 2017 through December 2017?

- ISSUE 2G:** Have all Woodford-related costs been removed from FPL's requested true-up and projected fuel costs?
- ISSUE 2H:** Are the 2017 SOBRA projects proposed by FPL (Horizon, Wildflower, Indian River, and Coral Farms) cost effective?
- ISSUE 2I:** What are the revenue requirements associated with the 2017 SOBRA projects?
- ISSUE 2J:** What is the appropriate base rate percentage increase for the 2017 SOBRA projects to be effective on January 1, 2018?
- ISSUE 2K:** Are the 2018 SOBRA projects proposed by FPL (Hammock, Bearfoot Bay, Blue Cypress and Loggerhead) cost effective?
- ISSUE 2L:** What are the revenue requirements associated with the 2018 SOBRA projects?
- ISSUE 2M:** What is the appropriate base rate percentage increase for the 2018 SOBRA projects to be effective on January 1, 2019?
- ISSUE 2N:** Has FPL properly reflected in the fuel and purchased power cost recovery clause the effects of the Indiantown Cogeneration L.P. (Indiantown) facility transaction approved by the Commission in Docket No. 160154-EI?

#### **Florida Public Utilities Company**

- ISSUE 3A:** What amount should be refunded to customers as a result of the Florida Supreme Court's March 16, 2017 decision on the FPL Interconnection Line project?

#### **Gulf Power Company**

- ISSUE 4A:** Should the Commission approve as prudent Gulf's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Gulf's April 2017 and August 2017 hedging reports?

#### **Tampa Electric Company**

- ISSUE 5A:** Should the Commission approve as prudent TECO's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in TECO's April 2016 and August 2016 hedging reports?

#### **GENERIC FUEL ADJUSTMENT ISSUES**

- ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2017 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2018 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2016 through December 2016?

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2017 through December 2017?

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2018 to December 2018?

**ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2018 through December 2018?

### **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 12A, 12B, 12C, and so forth, as appropriate.

#### **Florida Power & Light Company**

**ISSUE 13:** What are the appropriate adjustments to FPL's 2017 GPIF targets/ranges to reflect the effects of the Indiantown transaction approved by the Commission in Docket No. 160154-EI?

#### **Gulf Power Company**

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 14A, 14B, 14C, and so forth, as appropriate.

#### **Tampa Electric Company**

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 15A, 15B, 15C, and so forth, as appropriate.

### **GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**ISSUE 16:** What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2016 through December 2016 for each investor-owned electric utility subject to the GPIF?

**ISSUE 17:** What should the GPIF targets/ranges be for the period January 2018 through December 2018 for each investor-owned electric utility subject to the GPIF?

## **FUEL FACTOR CALCULATION ISSUES**

**ISSUE 18:** What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2018 through December 2018?

**ISSUE 19:** What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2018 through December 2018?

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2018 through December 2018?

**ISSUE 21:** What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

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

## **II. CAPACITY ISSUES**

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

#### **Duke Energy Florida, Inc.**

**ISSUE 23:** Has DEF included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 170009-EI?

#### **Florida Power & Light Company**

**ISSUE 24A:** Has FPL included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 170009-EI?

**ISSUE 24B:** Has FPL properly reflected in the capacity cost recovery clause the effects of the Indiantown transaction approved by the Commission in Docket No. 160154-EI?

**ISSUE 24C:** What are the appropriate Indiantown non-fuel operating costs to be recovered through the Capacity Clause pursuant to the Commission's approval of the Indiantown transaction in Docket No. 160154-EI?

## **Gulf Power Company**

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

## **Tampa Electric Company**

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

## **GENERIC CAPACITY COST RECOVERY FACTOR ISSUES**

**ISSUE 27:** What are the appropriate final capacity cost recovery true-up amounts for the period January 2016 through December 2016?

**ISSUE 28:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2017 through December 2017?

**ISSUE 29:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2018 through December 2018?

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2018 through December 2018?

**ISSUE 31:** What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2018 through December 2018?

**ISSUE 32:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2018 through December 2018?

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2018 through December 2018?

## **III. EFFECTIVE DATE**

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

**ISSUE 35:** Should this docket be closed?