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September 29, 2017

**BY E-PORTAL**

Ms. Carlotta Stauffer, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 20170001-EI: Fuel and Purchased Power Cost Recovery Clause with  
Generating Performance Incentive Factor**

Dear Ms. Stauffer:

Attached for filing, please find Florida Public Utilities Company's Prehearing Statement for the referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
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(850) 521-1706

MEK  
cc://(Certificate of Service)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.      DOCKET NO. 20170001-EI  
DATED: September 29, 2017

**FLORIDA PUBLIC UTILITIES COMPANY'S  
PREHEARING STATEMENT**

In accordance with the Order Establishing Procedure for this Docket, Order No. PSC-2017-0053-PCO-EI, issued February 20, 2017, as modified, including by Order No. PSC-2017-0134-PCO-EI, Florida Public Utilities Company (“FPUC,” or “Company”) hereby files its Prehearing Statement.

**A. APPEARANCES**

Beth Keating  
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215 South Monroe St., Suite 601  
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On behalf of Florida Public Utilities Company

**B. WITNESSES AND EXHIBITS**

i. All Known Witnesses

<u>Witness</u>	<u>Subject</u>	<u>Issue</u>
Curtis D. Young	Final True Up 2016	8
Michael Cassel	Estimated/Actual 2017	3A, 9
Michael Cassel	Projection for 2018	10, 11, 18, 19, 20, 21, 22, 34, 35
P. Mark Cutshaw	Special Projects	10, 11

ii. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>
Young	CDY-1 (Composite)	Final True Up Schedules (Schedules A, C1 and E1-B for FPUC's Divisions)
Cassel	MC-1 (Composite)	Estimated/Actual (Schedules E1-A, E1-B, and E1-B1)
Cassel	MC-2 (Composite)	Schedules E1, E1A, E2, E7, E8, E10 and Schedule A

**C. STATEMENT OF BASIC POSITION**

FPUC's Statement of Basic Position

FPUC: The Commission should approve Florida Public Utilities Company's final net true-up for the period January through December 2016, the estimated true-up for the period January through December, 2017, and the purchase power cost recovery factor for the period January through December, 2018, as well as the Company's calculation of the amount to be refunded to customers as a result of the Florida Supreme Court's March 16, 2017 decision on the FPL Interconnection Line project.

**D. FPUC's POSITION ON THE ISSUES**

**I. FUEL ISSUES**

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**Duke Energy Florida, LLC.**

**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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**ISSUE 2E:** What is the appropriate amount of actual/estimated Incremental Optimization Costs under the Incentive Mechanism approved by Order No. PSC-16-0560-AS-EI that FPL may recover through the fuel clause for the period January 2017 through December 2017?

FPUC's Position: No position.

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

FPUC's Position: No position.

**ISSUE 2G:** What is the appropriate amount of projected Incremental Optimization Costs under the revised Incentive Mechanism FPL may recover through the fuel clause for the period January 2018 through December 2018?

FPUC's Position: No position.

**ISSUE 2H:** What is the appropriate amount of projected variable power plant O&M expenses under the revised Incentive Mechanism FPL may recover through the fuel clause for the period January 2018 through December 2018?

FPUC's Position: No position.

**ISSUE 2I:** Have all Woodford-related costs been removed from FPL's requested true-up and projected fuel costs?

FPUC's Position: No position.

**ISSUE 2J:** Are the 2017 SOBRA projects proposed by FPL (Horizon, Wildflower, Indian River, and Coral Farms) cost effective?

FPUC's Position: No position.

**ISSUE 2K:** What are the revenue requirements associated with the 2017 SOBRA projects?

FPUC's Position: No position.

**ISSUE 2L:** What is the appropriate base rate percentage increase for the 2017 SOBRA projects to be effective when all 2017 projects are in service, currently projected to be January 1, 2018?

FPUC's Position: No position.

**ISSUE 2M:** Are the 2018 SOBRA projects proposed by FPL (Hammock, Bearfoot Bay, Blue Cypress and Loggerhead) cost effective?

FPUC's Position: No position.

**ISSUE 2N:** What are the revenue requirements associated with the 2018 SOBRA projects?

FPUC's Position: No position.

**ISSUE 2O:** What is the appropriate base rate percentage increase for the 2018 SOBRA projects to be effective when all 2018 projects are in service, currently projected to be March 1, 2018?

FPUC's Position: No position.

**ISSUE 2P:** Should the Commission approve revised tariffs for FPL reflecting the base rate percentage increases for the 2017 and 2018 SoBRA projects determined to be appropriate in this proceeding?

FPUC's Position: No position.

**ISSUE 2Q:** 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?

FPUC's Position: No position.

**ISSUE 2R:** How should the effects on the 2018 Fuel and Capacity Clause factors of the St. Johns River Power Park Transaction (SJRPP), approved by the Commission September 25, 2017, be addressed?

FPUC's Position: No position.

### **Florida Public Utilities Company**

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

FPUC's Position: \$227,333, which has been included in the computation of the Company's proposed factors for 2018. (*Cassel*)

**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?

FPUC's Position: No position.

**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 2017 and August 2017 hedging reports?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

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

FPUC's Position: \$2,415,898 (Under-recovery) (Young)

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

FPUC's Position: \$975,518 (Under-recovery) (Cassel)

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

**FPUC's Position:** \$3,391,416 (Under-recovery) (*Cassel, Cutshaw*)

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

**FPUC's Position:** The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2018 through December 2018 is \$58,791,697. (*Cassel, Cutshaw*)

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

### **Duke Energy Florida, LLC.**

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 13A:** 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?

**FPUC's Position:** No position.

### **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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

FPUC's Position: 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 is \$62,183,113, which includes prior period true-ups.  
(Cassel)

**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?

FPUC's Position: The appropriate tax revenue factor is 1.00072. (Cassel)

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

FPUC's Position: The appropriate factor is 6.506¢ per kWh. (Cassel)

**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?

FPUC's Position: The appropriate line loss multiplier is 1.0000. (Cassel)

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

FPUC's Position: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2018 through December 2018 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.09666
GS	\$0.09391
GSD	\$0.09029
GSLD	\$0.08769
LS	\$0.07136
<u>Step rate for RS</u>	
RS Sales	\$0.09666
RS with less than 1,000 kWh/month	\$0.09320
RS with more than 1,000 kWh/month	\$0.10570

Consistent with the fuel projections for the 2018 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2018 period are:

*Time of Use/Interruptible*

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.17720	\$0.05420
GS	\$0.13391	\$0.04391
GSD	\$0.13029	\$0.05779

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
GSLD	\$0.14769	\$0.05769
Interruptible	\$0.07269	\$0.08769

(Cassel)

**II. CAPACITY ISSUES**

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

**Duke Energy Florida, LLC.**

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

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**ISSUE 24C:** What are the appropriate Indiantown non-fuel base revenue requirements to be recovered through the Capacity Clause pursuant to the Commission's approval of the Indiantown transaction in Docket No. 160154-EI for 2017 and 2018?

FPUC's Position: No position.

**ISSUE 24D:** Is \$5,155,918 the appropriate refund amount associated with the Port Everglades Energy Center (PEEC) GBRA true-up?

FPUC's Position: No position.

### **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?

FPUC's Position: No position.

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

FPUC's Position: No position.

**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?

FPUC's Position: No position.

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

FPUC's Position: No position.

**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?

FPUC's Position: No position.

**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?

**FPUC's Position:** No position.

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

**FPUC's Position:** No position.

### **III. EFFECTIVE DATE**

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

**FPUC's Position:** The effective date for FPUC's cost recovery factors should be the first billing cycle for January 1, 2018, 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. *(Cassel)*

**ISSUE 35:** Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding?

**FPUC's Position:** 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.

**ISSUE 36:** Should this docket be closed?

**FPUC's Position:** Yes.

#### **e. Stipulated Issues**

While not a party to stipulations at this time, the FPUC believes that it should be possible to reach a stipulation on each of the issues as they pertain to FPUC.

f. Pending Motions

FPUC has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

FPUC's Request for Confidential Classification for information contained in the Company's responses to Staffs First Request for Production of Documents (Nos. 1-3), and the corrected page submitted thereafter on May 30, 2017.

h. Objections to Witness Qualifications as an Expert

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

i. Compliance with Order No. PSC-2017-0053-PCO-EI

FPUC has complied with all requirements of the Order Establishing Procedure entered in this docket, as well as the subsequent orders issued modifying that Order.

RESPECTFULLY SUBMITTED this 29th day of September, 2017.

BY:  \_\_\_\_\_

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Tallahassee, FL 32301  
(850) 521-1706

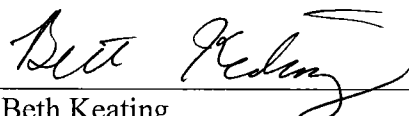
*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 29th day of September, 2017:

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