

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 170001-EI
Filed: October 3, 2017

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-2017-0053-PCO-EI, files its Prehearing Statement.

A. APPEARANCES:

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B. WITNESSES AND EXHIBITS:

FIPUG reserves the right to call witnesses listed by other parties in this docket.

C. STATEMENT OF BASIC POSITION:

Only reasonable and prudent 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.

D. STATEMENT OF ISSUES AND POSITIONS:

I. FUEL 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?

FIPUG: No. Hedging should be discontinued.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: No. Hedging should be discontinued.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: FPL must meet its burden of proof on this point.

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

FIPUG: FPL must meet its burden of proof on this point.

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

FIPUG: FPL must meet approve the burden of proof on this point.

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?

FIPUG: FPL must meet approve the burden of proof on this point.

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

FIPUG: FPL must meet approve the burden of proof on this point.

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

FIPUG: FPL must meet approve the burden of proof on this point.

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?

FIPUG: FPL must meet approve the burden of proof on this point.

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?

FIPUG: FPL must meet approve the burden of proof on this point.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: No. Hedging should be discontinued.

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?

FIPUG: No. Hedging should be discontinued.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

III. EFFECTIVE DATE

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

ISSUE 36: Should this docket be closed?

FIPUG: Adopt position of OPC.

E. STIPULATED ISSUES:

None at this time.

F. PENDING MOTIONS:

None at this time.

G. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

H. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

FIPUG objects to a witness being considered an expert witness unless the witness affirmatively states the subject matter area(s) in which he or she claims expertise, and voir dire, if requested, is permitted.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Industrial Power Users Group cannot comply at this time.

/s/ Jon. C. Moyle _____

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing response was furnished to the following by Electronic Mail, on this 3rd day of October, 2017:

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