

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

October 2, 2018

BY E-PORTAL

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

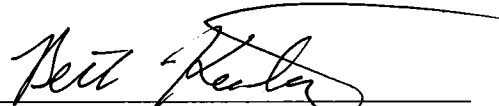
**Re: Docket No. 20180001-EI: Fuel and Purchased Power Cost Recovery Clause with
Generating Performance Incentive Factor**

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
Tallahassee, FL 32301
(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. 20180001-EI
DATED: October 2, 2018

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

In accordance with the Order Establishing Procedure for this Docket, Order No. PSC-2018-0079-PCO-EI, issued February 14, 2018, as modified, including by Order No. PSC-2018-0164-PCO-EI, Florida Public Utilities Company ("FPUC," or "Company") hereby files its Prehearing Statement.

A. APPEARANCES

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
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 2017	8
Michael Cassel	Estimated/Actual 2018	3A, 9
Michael Cassel	Projection for 2019	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 2017, the estimated true-up for the period January through December, 2018, and the purchase power cost recovery factor for the period January through December, 2019. The Commission should also find that the Company has properly refunded \$221,415 to its customers through the Fuel Clause in accordance with Order No. PSC-2018-0028-FOF-EI.

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 2018 and August 2018 hedging reports?

FPUC's Position: No position.

ISSUE 1B: Has DEF made appropriate adjustments, if any are needed, to account for replacement costs associated with the February 2017 forced outage at the Bartow plant? If appropriate adjustments are needed and have not been made, what adjustments(s) should be made?

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 2018 and August 2018 hedging reports?

FPUC's Position: No position.

ISSUE 2B: What was the total gain under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL may recover for the period January 2017 through December 2017, and how should 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 FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2017 through December 2017?

FPUC's Position: No position.

ISSUE 2D: What is the appropriate amount of Variable Power Plant O&M Attributable to Off-System Sales under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2017 through December 2017?

FPUC's Position: No position.

ISSUE 2E: What is the appropriate amount of Variable Power Plant O&M Avoided due to Economy Purchases under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to 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 Incremental Optimization Costs under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2018 through December 2018?

FPUC's Position: No position.

ISSUE 2G: What is the appropriate amount of actual/estimated Variable Power Plant O&M Attributable to Off-System Sales under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to 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 actual/estimated Variable Power Plant O&M Avoided due to Economy Purchases under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2018 through December 2018?

FPUC's Position: No position.

ISSUE 2I: What is the appropriate amount of projected Incremental Optimization Costs under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2019 through December 2019?

FPUC's Position: No position.

ISSUE 2J: What is the appropriate amount of projected Variable Power Plant O&M Attributable to Off-System Sales under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2019 through December 2019?

FPUC's Position: No position.

ISSUE 2K: What is the appropriate amount of projected Variable Power Plant O&M Avoided due to Economy Purchases under FPL's Incentive Mechanism approved by Order

No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2019 through December 2019?

FPUC's Position: No position.

ISSUE 2L: Has FPL properly reflected in the fuel and purchased power cost recovery clause the effects of the St. John's River Power Park transaction approved by Order No. PSC-2017-0415-AS-EI?

FPUC's Position: No position.

ISSUE 2M: What is the appropriate revised SoBRA factor for the 2017 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

FPUC's Position: No position.

ISSUE 2N: What is the appropriate revised SoBRA factor for the 2018 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

FPUC's Position: No position.

ISSUE 2O: Should the Commission approve revised tariffs for FPL reflecting the revised SoBRA factors for the 2017 and 2018 projects determined to be appropriate in this proceeding, effective January 1, 2019?

FPUC's Position: No position.

ISSUE 2P: Are the 2019 SoBRA projects (Miami-Dade, Interstate, Pioneer Trail, Sunshine Gateway) proposed by FPL cost effective?

FPUC's Position: No position.

ISSUE 2Q: What are the revenue requirements associated with the 2019 SoBRA projects?

FPUC's Position: No position.

ISSUE 2R: What is the appropriate base rate percentage increase for the 2019 SoBRA projects to be effective when all 2019 projects are in service, currently projected to be March 1, 2019?

FPUC's Position: No position.

ISSUE 2S: Should the Commission approve revised tariffs for FPL reflecting the base rate percentage increase for the 2019 SoBRA projects determined to be appropriate in this proceeding?

FPUC's Position: No position.

ISSUE 2T: Should the Commission approve FPL's proposed generation base rate adjustment (GBRA) factor of 3.040 percent for the Okeechobee Clean Energy Center expected to go in-service on June 1, 2019?

FPUC's Position: No position.

Florida Public Utilities Company

ISSUE 3A: Has FPUC properly refunded \$221,415 to customers through the Fuel Clause in accordance with Order No. PSC-2018-0028-FOF-EI?

FPUC's Position: Yes, \$221,415 was included in the computation of the Company's proposed factors for 2018, and thereby properly refunded to customers in accordance with the Commission's order. (*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 2018 and August 2018 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 2018 and August 2018 hedging reports?

FPUC's Position: No position.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual 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 7: What are the appropriate estimated benchmark levels for calendar year 2019 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 2017 through December 2017?

FPUC's Position: \$2,245,979 (Under-recovery) *(Young)*

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2018 through December 2018?

FPUC's Position: \$3,176,245 (Under-recovery) *(Cassel)*

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2019 to December 2019?

FPUC's Position: \$5,422,224 (Under-recovery) *(Cassel, Cutshaw)*

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2019 through December 2019?

FPUC's Position: The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2019 through December 2019 is \$61,162,693. *(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

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

Gulf Power Company

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

Tampa Electric Company

ISSUE 15A: What adjustments, if any, should be made to correct Tampa Electric's calculations of its GPIF rewards or penalties for the years 2014, 2015, and 2016?

FPUC's Position: No position.

ISSUE 15B: Should the Commission approve Tampa Electric's proposed corrections to its GPIF 2017 and 2018 targets?

FPUC's Position: No position.

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 2017 through December 2017 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 2019 through December 2019 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 2019 through December 2019?

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 \$65,834,917, 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 2019 through December 2019?

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 2019 through December 2019?

FPUC's Position: The appropriate factor is 6.433¢ 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 2019 through December 2019 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.10106
GS	\$0.09785

GSD	\$0.09362
GSLD	\$0.09063
LS	\$0.07173
<u>Step rate for RS</u>	
RS Sales	\$0.10106
RS with less than 1,000 kWh/month	\$0.09747
RS with more than 1,000 kWh/month	\$0.10997

Consistent with the fuel projections for the 2019 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2019 period are:

Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.18147	\$0.05847
GS	\$0.13785	\$0.04785
GSD	\$0.13362	\$0.06112
GSLD	\$0.15063	\$0.06063
Interruptible	\$0.07563	\$0.09063

(Cassel)

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, LLC.

ISSUE 23A: What amount has DEF included in the capacity cost recovery clause for nuclear cost recovery?

FPUC's Position: No position.

Florida Power & Light Company

ISSUE 24A: What amount has FPL included in the capacity cost recovery clause for nuclear cost recovery?

FPUC's Position: No position.

ISSUE 24B: Has FPL properly reflected in the capacity cost recovery clause the effects of the St. John's River Power Park transaction approved by Order No. PSC-2017-0415-AS-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 2018 and 2019?

FPUC's Position: No position.

ISSUE 24D: What is the appropriate true-up adjustment amount associated with the 2017 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2019?

FPUC's Position: No position.

ISSUE 24E: What is the appropriate true-up amount associated with the 2018 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2019?

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 2017 through December 2017?

FPUC's Position: No position.

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2018 through December 2018?

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 2019 through December 2019?

FPUC's Position: No position.

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2019 through December 2019?

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 2019 through December 2019?

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 2019 through December 2019?

FPUC's Position: No position.

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2019 through December 2019?

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, 2019, 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 has no pending requests for confidential classification.

h. Objections to Witness Qualifications as an Expert

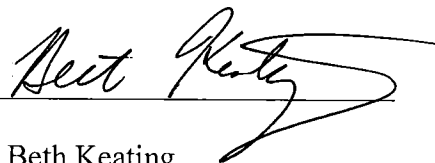
FPUC has no objections to any witnesses' qualifications at this time.

i. Compliance with Order No. PSC-2018-0079-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 2nd day of October, 2018.

BY: _____



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

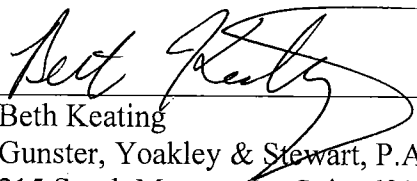
Attorneys for Florida Public Utilities Company

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 2nd day of October, 2018:

<p>Suzanne Brownless Johanna Nieves Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <u>sbrownle@psc.state.fl.us</u> <u>JNIEVES@psc.state.fl.us</u></p>	<p>James D. Beasley/J. Jeffry Wahlen Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 <u>jbeasley@ausley.com</u> <u>jwahlen@ausley.com</u></p>
<p>Russell Badders/Steven Griffin Beggs & Lane P.O. Box 12950 Pensacola, FL 32591-2950 <u>srg@beggslane.com</u></p>	<p>James W. Brew/Laura Wynn Stone Matheis Xenopoulos & Brew, PC Eighth Floor, West Tower 1025 Thomas Jefferson Street, NW Washington, DC 20007 <u>jbrew@smxblaw.com</u></p>
<p>Maria Moncada Will Cox Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 <u>Maria.Moncada@fpl.com</u> <u>Will.p.cox@fpl.com</u></p>	<p>Kenneth Hoffman Florida Power & Light Company 215 South Monroe Street, Suite 810 Tallahassee, FL 32301 <u>Ken.Hoffman@fpl.com</u></p>
<p>Ms. Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601-0111 <u>Regdept@tecoenergy.com</u></p>	<p>Florida Industrial Users Power Group Jon C. Moyle, Jr. Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 <u>jmoyle@moylelaw.com</u></p>
<p>Mike Cassel Florida Public Utilities Company 1750 SW 14th Street, Suite 200 Fernandina Beach, FL 32034 <u>mcassel@fpuc.com</u></p>	<p>Florida Retail Federation Robert Scheffel Wright/John T. LaVia Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 <u>schef@gbwlegal.com</u></p>

Rhonda J. Alexander Gulf Power Company One Energy Place Pensacola, FL 32520-0780 rjalexad@southernco.com	P. Christensen/C. Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Christensen.patty@leg.state.fl.us Rehwinkel.Charles@leg.state.fl.us
Matthew Bernier Duke Energy 106 East College Avenue, Suite 800 Tallahassee, FL 32301 Matthew.Bernier@duke-energy.com	Dianne M. Triplett Duke Energy 299 First Avenue North St. Petersburg, FL 33701 Dianne.Triplett@duke-energy.com
Jeffrey A. Stone General Counsel Gulf Power Company One Energy Place Pensacola, FL 32520-0780 jastone@southernco.com	Michael Barrett Division of Accounting and Finance Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, Florida 32399-0850 mbarrett@psc.state.fl.us

By: 
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706