

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20190001-EI

DATED: October 1, 2019

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2019-0059-PCO-EI, filed February 13, 2019, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

<b>Witness</b>	<b>Subject Matter</b>	<b>Issues #</b>
<b>Direct</b>		
Intesar Terkawi	Auditor's Report of Tampa Electric Company's (TECO) Hedging Activities for the Period August 1, 2018 to November 30, 2018.	5A
Simon O. Ojada	Auditor's Report of Duke Energy Florida, LLC's (DEF) Hedging Activities for the Period August 1, 2018 to July 31, 2019.	1A
Debra Dobiac	Auditor's Report of Gulf Power Company's (Gulf) Hedging Activities for the twelve months ended July 31, 2019.	4A

2. All Known Exhibits

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit #</b>	<b>Description</b>
<b>Direct</b>			
Intesar Terkawi	Staff	IT-1	Auditor's Report-TECO Hedging Activities
Simon O. Ojada	Staff	SOO-1	Auditor's Report DEF Hedging Activities
Debra Dobiac	Staff	DMD-1	Auditor's Report Gulf Hedging Activities

3. Staff's Statement of Basic Position

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 stated herein.

4. Staff's Position on the Issues

**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 2019 and August 2019 hedging reports?

**POSITION:** Staff has no position at this time.

**ISSUE 1B:** Was DEF prudent in its actions and decisions leading up to and in restoring the unit to service after the February 2017 forced outage at the Bartow plant and, if not, what action should the Commission take with respect to replacement power costs?

**POSITION:** Staff has no position at this time.

**ISSUE 1C:** Has DEF made prudent adjustments, if any are needed, to account for replacement power costs associated with any impacts related to the de-rating of the Bartow

plant? If adjustments are needed and have not been made, what adjustment(s) should be made?

**POSITION:** Staff has no position at this time.

**Florida Power & Light Company**

**ISSUE 2A:** 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?

**POSITION:** Staff has no position at this time.

**ISSUE 2B:** 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?

**POSITION:** Staff has no position at this time.

**ISSUE 2C:** What is the appropriate total gain under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL may recover for the period January 2018 through December 2018, and how should that gain to be shared between FPL and customers?

**POSITION:** Staff has no position at this time.

**ISSUE 2D:** 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 2018 through December 2018?

**POSITION:** Staff has no position at this time.

**ISSUE 2E:** 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 2018 through December 2018?

**POSITION:** Staff has no position at this time.

**ISSUE 2F:** 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 2018 through December 2018?

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**POSITION:** Staff has no position at this time.

**ISSUE 2G:** If the Commission approves the FPL Solar Together Program and Tariff, what is the appropriate total FPL SolarTogether Credit amount to be recovered through the fuel cost recovery clause for the period January 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 2H:** Are the 2020 SoBRA projects (Hibiscus, Okeechobee, Southfork, and Echo River) proposed by FPL cost effective?

**POSITION:** Staff has no position at this time.

**ISSUE 2I:** What are the revenue requirements associated with the 2020 SoBRA projects?

**POSITION:** Staff has no position at this time.

**ISSUE 2J:** What is the appropriate base rate percentage increase to be effective when all of the 2020 SoBRA projects are in service, currently projected to be May 1, 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 2K:** Should the Commission approve revised tariffs for FPL, reflecting the base rate percentage increase for the 2020 SoBRA projects, determined to be reasonable in this proceeding?

**POSITION:** Staff has no position at this time.

**ISSUE 2L:** Has FPL made prudent adjustments, if any are needed, to account for replacement costs associated with the April 2019 forced outage at Saint Lucie Unit 1 generating station? If adjustments are needed and have not been made, what adjustment(s) should be made?

**POSITION:** By agreement of the parties this issue has been deferred until next year's docket.

**ISSUE 2M:** What is the appropriate base rate percentage decrease associated with the true-up of the 2017 SoBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be effective January 1, 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 2N:** Should the Commission approve revised tariffs for FPL to be effective January 1, 2020, reflecting the base rate percentage decrease for the true-up of the 2017 SoBRA projects determined to be reasonable in this proceeding?

**POSITION:** Staff has no position at this time.

### **Florida Public Utilities Company**

No company-specific fuel issues for Florida Public Utilities Company have been identified at this time. If such issues are identified, they shall be numbered 3A, 3B, 3C, and so forth, as appropriate.

### **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 2019 and August 2019 hedging reports?

**POSITION:** Staff has no position at this time.

### **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 2019 hedging report?

**POSITION:** Staff has no position at this time.

**ISSUE 5B** What was the total gain under TECO's Optimization Mechanism approved by Order No. PSC-2017-0456-S-EI that TECO may recover for the period January 2018 through December 2018, and how should that gain be shared between TECO and customers?

**POSITION:** Staff has no position at this time.

### **GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2019 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**POSITION:** Staff has no position at this time.

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2020 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**POSITION:** Staff has no position at this time.

**ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2018 through December 2018?

**POSITION:** Staff has no position at this time.

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2019 through December 2019?

**POSITION:** Staff has no position at this time.

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2020 through December 2020?

**POSITION:** Staff has no position at this time.

## **COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES**

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

No company-specific GPIF issues for Duke Energy Florida, LLC 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 & 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 GPIF 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 GPIF 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 GPIF ISSUES**

**ISSUE 16:** What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2018 through December 2018 for each investor-owned electric utility subject to the GPIF?

**POSITION:** Staff has no position at this time.

**ISSUE 17:** What should the GPIF targets/ranges be for the period January 2020 through December 2020 for each investor-owned electric utility subject to the GPIF?

**POSITION:** Staff has no position at this time.

## **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 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**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 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** Staff has no position at this time.

**ISSUE 23B:** What is the appropriate true-up adjustment amount associated with the Hamilton SoBRA project approved by Order No. PSC-2019-0159-FOF-EI to be refunded through the capacity clause in 2020?

**POSITION:** Staff has no position at this time.

**Florida Power & Light Company**

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

**POSITION:** Staff has no position at this time.

**ISSUE 24B:** 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 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 24C:** 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 2020?

**POSITION:** By agreement of the parties this issue has been deferred until next year's docket.

**ISSUE 24D:** What are the appropriate Indiantown non-fuel based 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 2020?

**POSITION:** Staff has no position at this time.



**Gulf Power Company**

No company-specific capacity cost recovery factor 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 capacity cost recovery factor 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 2018 through December 2018?

**POSITION:** Staff has no position at this time.

**ISSUE 28:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2019 through December 2019?

**POSITION:** Staff has no position at this time.

**ISSUE 29:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**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 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**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 2020 through December 2020?

**POSITION:** Staff has no position at this time.

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2020 through December 2020?

**POSITION:** Staff has no position at this time.

### **III. EFFECTIVE DATE**

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

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has no position at this time.

### **IV. MISCELLANEOUS ISSUES**

**ISSUE 36:** Should the Joint Motion to Modify Order No. PSC-2012-0425-PAA-EU Regarding Weighted Average Cost of Capital Methodology be approved?

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has no position at this time.

### **CONTESTED ISSUES**

**ISSUE 1E:** Should the Commission hold a separate “spin-off” hearing to determine the cause of the Bartow outage and the prudence of DEF’s decisions on all factors related to the cause(s) and duration of any outages and the de-rating of the Bartow plant?

**POSITION:** Staff has no position at this time.

#### 5. Stipulated Issues

There are no stipulated issues at this time.

#### 6. Pending Motions

There are no pending motions at this time.

7. Pending Confidentiality Claims or Requests

Commission staff has no pending confidentiality claims or requests at this time.

8. Objections to Witness Qualifications as an Expert

Commission staff has no objections to the qualifications of any witness at this time.

9. Compliance with Order No. PSC-2019-0059-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 1st day of October, 2019.

*/s/ Suzanne S. Brownless*

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SUZANNE S. BROWNLESS

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

DOCKET NO. 20190001-EI

DATED: October 1, 2019

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with the Office of Commission Clerk and that a true copy has been furnished to the following by electronic mail this 1st day of October, 2019:

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*/s/ Suzanne S. Brownless*

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