

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

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2018-0079-PCO-EI, filed February 14, 2018, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

Witness	Subject Matter	Issues #
Direct		
Simon O. Ojada	Auditor's Report of Duke Energy Florida, LLC's (DEF) Hedging Activities for the Period August 1, 2017 to July 31, 2018	1A
Debra N. Dobiac	Auditor's Report of Florida Power & Light Company's (FPL) Hedging Activities for the Period August 1, 2017 to July 31, 2018	2A
Donna D. Brown	Auditor's Report of Gulf Power Company's (Gulf) Hedging Activities for the Period August 1, 2017 to July 31, 2018	4A
Intesar Terkawi	Auditor's Report of Tampa Electric Company's (TECO) Hedging Activities for the Period	5A

	August 1, 2017 to July 31, 2018	
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2. All Known Exhibits

Witness	Proffered By	Exhibit #	Description
Direct			
Simon O. Ojada	Staff	SOO-1	DEF Hedging Audit Report August 1, 2017 to July 31, 2018
Debra M. Dobiac	Staff	DMD-1	FPL Hedging Audit Report August 1, 2017 to July 31, 2018
Donna D. Brown	Staff	DDB-1	Gulf Hedging Audit Report August 1, 2017 to July 31, 2018
Intesar Terkawi	Staff	IT-1	TECO Hedging Audit Report August 1, 2017 to July 31, 2018

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

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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

POSITION: Staff has no position at this time.

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

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

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 2018 and August 2018 hedging reports?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

ISSUE 8: What are the appropriate final fuel adjustment true-up amounts for the period January 2017 through December 2017?

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 2018 through December 2018?

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 2019 to December 2019?

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 2019 through December 2019?

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, 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 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

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?

POSITION: Staff has no position at this time.

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

POSITION: Staff has no position at this time.

GENERIC GPIF 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?

POSITION: Staff has no position at this time.

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?

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 2019 through December 2019?

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 2019 through December 2019?

POSITION: Staff has no position at this time.

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2019 through December 2019?

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.

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: 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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

POSITION: Staff has no position at this time.

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?

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 adjustment true-up amounts for the period January 2017 through December 2017?

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 2018 through December 2018?

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 2019 through December 2019?

POSITION: Staff has no position at this time.

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

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 2019 through December 2019?

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 2019 through December 2019?

POSITION: Staff has no position at this time.

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

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 appropriate in this proceeding?

POSITION: Staff has no position at this time.

ISSUE 36: Should this docket be closed?

POSITION: Staff has no position at this time.

CONTESTED ISSUES

FIPUG

ISSUE A: Are FPL's proposed solar projects prudent?

POSITION: Staff has no position at this time.

ISSUE B: Are FPL's proposed solar projects needed?

POSITION: Staff has no position at this time.

5. **Stipulated Issues**

There are no stipulated issues at this time.

6. **Pending Motions**

Staff has no pending motions.

7. **Pending Confidentiality Claims or Requests**

Staff has no outstanding confidentiality claims or requests.

8. Objections to Witness Qualifications as an Expert

Staff has no objections to witnesses' qualifications as experts.

9. Compliance with Order No. PSC-2018-0079-PCO-EI

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

Respectfully submitted this 2nd day of October, 2018.

/s/ Suzanne Brownless

SUZANNE S. BROWNLESS

STAFF COUNSEL

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

DOCKET NO. 20180001-EI

DATED: October 2, 2018

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 2nd day of October, 2018:

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