

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Fuel and purchased power cost recovery )  
clause with generating performance incentive ) Docket No. 20180001-EI  
factor\_\_\_\_\_ ) Filed: October 2, 2018

**PREHEARING STATEMENT OF  
WHITE SPRINGS AGRICULTURAL CHEMICALS, INC.  
d/b/a PCS PHOSPHATE – WHITE SPRINGS**

Pursuant to the Florida Public Service Commission’s Order Establishing Procedure No. PSC-18-0079-PCO-EI, issued February 14, 2018, and the First Order Modifying Order Establishing Procedure No. 2018-0164-PCO-EI, issued March 27, 2018, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (“PCS Phosphate”), through its undersigned attorneys, files its Prehearing Statement in the above matter.

**A. APPEARANCES**

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**B. WITNESSES**

PCS Phosphate does not plan to call any witnesses at this time.

**C. EXHIBITS**

PCS Phosphate does not plan to offer any exhibits at this time, but may introduce exhibits during the course of cross-examination.

**D. STATEMENT OF BASIC POSITION**

Only costs prudently incurred and legally authorized should be recovered through the fuel clause. Florida electric utilities, including in particular Duke Energy Florida, Inc. (“DEF”), must satisfy the burden of proving the reasonableness of any expenditures for which recovery or other relief is sought in this proceeding.

PCS Phosphate is a signatory to the 2017 Second Revised and Restated Settlement Agreement, approved by the Commission in Docket No. 20170183, *Application for Limited Proceeding to Approve 2017 Second Revised and Restated Settlement Agreement* in Order No. PSC-2017-0451-AS-EU on November 20, 2017. That agreement contains provisions that pertain to prior period fuel cost under-recoveries that are included in DEF’s filing in this docket. PCS Phosphate supports the recovery of prudently incurred Duke Energy Florida fuel costs that are consistent with that rate settlement agreement.

**E. STATEMENT ON SPECIFIC ISSUES**

**I. 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?

**PCS Phosphate:** Agree with OPC.

**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?

**PCS Phosphate:** Agree with 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

2018 and August 2018 hedging reports?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** No position.

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

**PCS Phosphate:** No position.

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

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** No position.

#### **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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** Agree with OPC.

**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?

**PCS Phosphate:** Agree with OPC.

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

**PCS Phosphate:** Agree with OPC.

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

**PCS Phosphate:** Agree with OPC.

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

**PCS Phosphate:** Agree with OPC.

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

**PCS Phosphate:** Agree with OPC.

## **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?

**PCS Phosphate:** No position.

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

**PCS Phosphate:** No position.

## **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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** Agree with 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 2019 through December 2019?

**PCS Phosphate:** No position.

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

**PCS Phosphate:** Agree with 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?

**PCS Phosphate:** No position.

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

**PCS Phosphate:** For Duke Energy Florida, the differential between on-peak and off-peak fuel cost recovery factors has steadily declined as nuclear and coal units on its system have reduced output or retired and DEF's generation fleet has become dominated by natural gas burning units. Further dissipation of that pricing distinction can be expected as DEF begins to add substantial amounts of utility-scale solar. FEECA (§ 366.81, F.S.) emphasizes the importance of controlling growth in weather-related peak demands, and a materially diminished on and off-peak pricing differential is inconsistent with FEECA's objectives. The Commission should direct DEF to assess the continued appropriateness of its historic method for developing on and off-peak cost recovery factors in light of its evolving resource mix.



## **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. 20180009-EI?

**PCS Phosphate:** Agree with OPC.

#### **Florida Power & Light Company**

**ISSUE 24A:** Has FPL included in the capacity cost recovery clause the nuclear cost recovery amount, if any, ordered by the Commission in Docket No. 20180009-EI?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** 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?

**PCS Phosphate:** No position.

#### **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 2017 through December 2017?

**PCS Phosphate:** Agree with OPC.

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

**PCS Phosphate:** Agree with OPC.

**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?

**PCS Phosphate:** Agree with OPC.

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

**PCS Phosphate:** Agree with 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 2019 through December 2019?

**PCS Phosphate:** Agree with 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 2019 through December 2019?

**PCS Phosphate:** No position.

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

**PCS Phosphate:** Agree with 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?

**PCS Phosphate:** No position.

**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?

**PCS Phosphate:** Agree with OPC.

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

**PCS Phosphate:** No position.

### **CONTESTED ISSUES**

#### **FIPUG**

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

**PCS Phosphate:** No position.

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

**PCS Phosphate:** No position.

#### **F. PENDING MOTIONS**

None.

#### **G. PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY**

None.

#### **H. OBJECTIONS TO QUALIFICATIONS OF WITNESS AS EXPERT**

None at this time.

#### **I. REQUIREMENTS OF ORDERS ESTABLISHING PROCEDURE**

There are no requirements of the Procedural Orders with which PCS Phosphate cannot comply.

Respectfully submitted,

**STONE MATTHEIS XENOPOULOS &  
BREW, PC**

*/s/ James W. Brew* \_\_\_\_\_

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Dated: October 2, 2018

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Prehearing Statement of PCS Phosphate has been furnished by electronic mail this 2nd day of October 2018 to the following:

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