

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Fuel and Purchased Power  
Cost Recovery Clause with  
Generating Performance Incentive  
Factor

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DOCKET NO. 20200001-EI

FILED: October 06, 2020

**PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL**

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Orders Establishing Procedure in this docket, Order No. PSC-2020-0041-PCO-EI, issued January 31, 2020, submit this Prehearing Statement.

**APPEARANCES:**

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On behalf of the Citizens of the State of Florida.

1. **WITNESSES:**

None.

2. **KNOWN EXHIBITS:**

None

3. STATEMENT OF BASIC POSITION

The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Interveners provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

I. FUEL ISSUES

**COMPANY SPECIFIC ISSUES**

**Duke Energy Florida, LLC.**

Contested Issue A listed below will be placed here if included in the docket by the prehearing officer.

**Florida Power & Light**

**ISSUE 2A:** 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?

OPC: No position at this time.

**ISSUE 2B:** What is 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 2019 through December 2019, and how should that gain to be shared between FPL and customers?

OPC: 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 2019 through December 2019?

OPC: 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 2019 through December 2019?

OPC: 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 2019 through December 2019?

OPC: No position at this time.

**ISSUE 2F:** Has FPL made reasonable and prudent adjustments, if any are needed, to account for replacement power costs associated with the April 2019 forced outage at St. Lucie Nuclear Power Plant, Unit No. 1?

OPC: No. At this time FPL has not demonstrated that its actions related to the outage attributed to the magnetic termite were prudent and that replacement power costs should be borne by customers. Likewise, FPL has not demonstrated that its overall stewardship of the nuclear program activities at the St. Lucie and Turkey Point sites are reasonable and prudent.

**ISSUE 2G:** Has FPL made reasonable and prudent adjustments, if any are needed, to account for replacement power costs associated with the March 2020 return-to-service delay at St. Lucie Nuclear Power Plant, Unit No. 2?

OPC: No. At this time FPL has not demonstrated that its actions related to the outage were prudent and that replacement power costs should be borne by customers. Likewise, FPL has not demonstrated that its overall stewardship of the nuclear program activities at the St. Lucie and Turkey Point sites are reasonable and prudent.

**ISSUE 2H:** What is the appropriate subscription credit associated with FPL’s Solar Together Program, approved by Order No. PSC-2020-0084-S-EI, to be included for recovery in 2021?

**OPC:** No position at this time.

### **Florida Public Utilities Company**

**ISSUE 3A:** Should the Commission approve FPUC’s revised Fuel and Purchased Power Cost Recovery factors filed in accordance with the Stipulation and Settlement approved in Docket No. 20190156-EI, which reflect the flow-through of interim rate over-recovery calculated based on 9 months actual and 1 month estimated revenues?

**OPC:** Yes, consistent with the settlement agreement should the Commission approve it.

### **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 2020 hedging report?

**OPC:** No position.

### **Tampa Electric Company**

**ISSUE 5A:** 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 2019 through December 2019, and how should that gain to be shared between TECO and customers?

**OPC:** No position at this time.

### **GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2020 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**OPC:** No position at this time.

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2021 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

OPC: No position at this time.

**ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2019 through December 2019?

OPC: No position at this time.

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2020 through December 2020?

OPC: No position at this time on this fallout issue.

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2021 through December 2021?

OPC: No position at this time on this fallout issue.

**ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2021 through December 2021?

OPC: No position at this time on this fallout issue.

## **COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR 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 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**

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 GPIF reward or penalty for performance achieved during the period January 2019 through December 2019 for each investor-owned electric utility subject to the GPIF?

**OPC:** No position at this time.

**ISSUE 17:** What should the GPIF targets/ranges be for the period January 2021 through December 2021 for each investor-owned electric utility subject to the GPIF?

**OPC:** 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 2021 through December 2021?

**OPC:** 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 2021 through December 2021?

**OPC:** No position at this time.

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2021 through December 2021?

**OPC:** No position at this time on this fallout issue.

**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?

OPC: No position at this time on this fallout issue.

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

OPC: No position at this time on this fallout issue.

## **II. CAPACITY ISSUES**

### **COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES**

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

**ISSUE 23A:** What is the appropriate net book value of retired Plant Crystal River South (Units 1 and 2) assets to be recovered over a one-year period as approved by Order No. PSC-2017-0451-AS-EU?

OPC: No position at this time but the amount recovered must be consistent with the requirements of the Second RRSSA.

**ISSUE 23B:** What is the appropriate amount of costs for the Independent Spent Fuel Storage Installation (ISFSI) that DEF should be allowed to recover through the capacity cost recovery clause pursuant to DEF's 2017 Settlement?

OPC: No position at this time but the amount recovered must be consistent with the requirements of the Second RRSSA.

**ISSUE 23C:** Should the Commission approve the Third Implementation Stipulation and, if approved, what is the amount of state corporate income tax savings that should be refunded to customers through the capacity clause in 2021?

OPC: No position at this time.

**ISSUE 23D:** What adjustment amounts should the Commission approve to be refunded through the capacity clause in 2021 for the Columbia SoBRA I project approved in Docket No. 20180149-EI and the DeBary, Lake Placid, and Trenton SoBRA II projects approved in Docket No. 20190072-EI?

OPC: No position at this time.

## **Florida Power & Light Company**

**ISSUE 24A:** What is the appropriate true-up adjustment amount associated with the 2018 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2021?

**OPC:** No position at this time.

**ISSUE 24B:** 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 (Order No. PSC-16-0506-FOF-EI) for 2021?

**OPC:** 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 will 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 will 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 2019 through December 2019?

**OPC:** No position at this time.

**ISSUE 28:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2020 through December 2020?

**OPC:** 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 2021 through December 2021?



OPC: No position at this time.

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2021 through December 2021?

OPC: 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 2021 through December 2021?

OPC: 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 2021 through December 2021?

OPC: No position at this time.

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2021 through December 2021?

OPC: 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?

OPC: 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?

OPC: No position at this time.

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

OPC: No position at this time.

### **CONTESTED ISSUES**

**ISSUE A:** What action should be taken in response to the Commission's September 1, 2020 vote to approve, without modification, Judge Stevenson's Recommended Order dated April 27, 2020, regarding the Bartow Unit 4 February 2017 outage?

OPC: The Commission voted to approve and adopt Judge Stevenson's Recommended Order dated April 27, 2020, as filed. Pursuant to section 120.57(1)(l), Florida Statutes, an order consistent with that vote should be issued. Any other action would be a nullity.

5. **STIPULATED ISSUES:**

None.

6. **PENDING MOTIONS:**

OPC has no pending motions.

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

OPC has no pending requests or claims for confidentiality.

8. **OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:**

OPC has no objection to qualifications of witnesses.

9. **STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:**

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Dated this 6<sup>th</sup> day of October, 2020

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Prehearing Statement has been furnished by electronic mail on this 6<sup>st</sup> day of October, 2020, to the following:

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