BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 20210001-EI ORDER NO. PSC-2021-0024-FOF-EI ISSUED: January 6, 2021

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman
ART GRAHAM
JULIE I. BROWN
DONALD J. POLMANN
ANDREW GILES FAY

FINAL ORDER APPROVING DUKE ENERGY FLORIDA, LLC'S EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL ADJUSTMENT FACTORS; GPIF TARGETS, RANGES, AND REWARDS; AND PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

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BY THE COMMISSION

BACKGROUND

As part of the continuing fuel and purchased power adjustment and generating performance incentive clause proceedings, an administrative hearing was held by the Florida Public Service Commission (Commission) on November 3, 2020. The purpose of this hearing was to review and ultimately determine electric service providers' period-specific fuel and fuel-related service costs, net purchased power costs, incentives associated with the efficient operation of generation facilities, and capacity-related service costs. These service costs are recovered through the fuel and capacity cost recovery factors that are set annually in this docket.

At the November 3, 2020 hearing, all issues for Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, and Tampa Electric Company were resolved by a bench vote approving the proposed stipulations and Commission staff's oral recommendations on non-stipulated issues.[1] None of Duke Energy Florida, LLC's (DEF) issues were resolved at the November 3, 2020 hearing.

With regard to DEF's issues, at hearing, witness Menendez testified on behalf of DEF and was cross-examined by the parties. In lieu of closing arguments on DEF's issues, the Office of Public Counsel (OPC), Florida Industrial Power Users Group (FIPUG), and White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate), collectively referred to herein as Intervenors, agreed to brief only DEF Issues 1A, 10, 11, 18, 20 and 22 and to treat all other DEF issues as Type 2 stipulations.[2] DEF, PCS Phosphate, and OPC and FIPUG jointly, filed briefs on Issues 1A, 10, 11, 18, 20, and 22 on November 10, 2020.

This order addresses all of DEF's issues. We are vested with jurisdiction over this subject matter by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

BARTOW UNIT 4 FEBRUARY 2017 OUTAGE

We first address what action should be taken in response to Commission Order No. PSC-2020-0368-FOF-EI regarding the Bartow Unit 4 February 2017 outage. The arguments of all parties presented in the Intervenors' post-hearing briefs are related to DEF's Motion for Stay and Amended Motion for Stay of Order Nos. PSC-2020-0368-FOF-EI and PSC-2020-0368A-FOF-EI, filed on October 15 and October 29, 2020, respectively. These orders established fuel cost recovery for DEF which denied DEF's filed exceptions on these issues and adopted the recommended order issued by the administrative law judge following an evidentiary hearing held on February 4-5, 2020. In Order Nos. PSC-2020-0368-FOF-EI and PSC-2020-0368A-FOF-EI, we found that DEF failed to demonstrate that it acted prudently in the operation of its Bartow Unit 4 plant and in restoring the unit to service after the February 2017 forced outage, and that DEF should refund a total of $16,116,782 to its customers.

In its Motions for Stay, DEF argued that since it was ordered to pay a refund, the plain language of Rule 25-22.061(1), Florida Administrative Code (F.A.C.), required that we grant a stay pending appeal. OPC, FIPUG and PCS Phosphate argued that because of the self-correcting nature of the fuel cost recovery clause, Rule 25-22.061(1), F.A.C., should not apply to the fuel clause docket.

By Order No. PSC-2020-0486-FOF-EI, issued December 10, 2020, we granted DEF's Motion for Stay and Amended Motion for Stay of Order Nos. PSC-2020-0368-FOF-EI and PSC-2020-0368A-FOF-EI pending the resolution of DEF's appeal. Therefore, we find that no further action can be taken with regard to refunding $16,116,782 for the Bartow Unit 4 February 2017 outage until the appellate review process is concluded.

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[1]Order No. PSC-2020-0415-PHO-EI, issued October 30, 2020, in Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*, and Order No. PSC-2020-0439-FOF-EI, issued November 16, 2020, Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

[2]A Type 2 stipulation occurs on an issue when the utility and Commission staff, or the utility and at least one party adversarial to the utility, agree on the resolution of the issue and the remaining parties (including staff if they do not join in the agreement) do not object to this Commission relying on the agreed language to resolve that issue in a final order.

Adjustments will have to be made to other cost recovery calculations in a future fuel clause proceeding if the $16,116,782 refund is upheld on appeal. At this time, however, it is not appropriate to make the adjustments associated with the $16,116,782 refund proposed by the Intervenors in their briefs since we have granted DEF a stay of the order requiring the refund pending the conclusion of the appeal.

We next determine the appropriate net amount of prior and current period over- or under-collected revenue to be accounted for in setting the future period (2021) fuel factor. We find that the record evidence in this proceeding indicates the final fuel revenue true-up amount for the period January 2019 through December 2019 is an under-recovery of $21,535,230. Further, the actual/estimated or current period fuel revenue true-up amount for the period January 2020 through December 2020 is an over-recovery of $160,850,438. However, DEF accounted for a two-month actual/ten-month estimated 2020 fuel revenue net over-recovery of $78,231,785 ($99,767,015 gross projected 2020 over-recovery) to develop its then-proposed mid-course fuel factors approved in Order No. PSC-2020-0154-PCO-EI.[3] As such, we find that the effective remaining actual/estimated true up amount to be included in setting DEF's 2021 fuel cost recovery factors is an over-recovery of $61,083,424.

The total projected jurisdictional 2021 fuel and purchased power costs consist of fuel costs for self-generation and purchased power, as well as credits for economy, stratified, and wholesale energy sales. An adjustment to account for jurisdictional line losses is also incorporated. The record evidence in this proceeding, as proffered by DEF witness Menendez, indicates the total projected fuel and purchased power costs for the period of January 2021 through December 2021 is $1,279,043,741. We agree and find that the total projected fuel and purchased power costs for the period of January 2021 through December 2021 is $1,279,043,741.

The appropriate net amount of fuel and purchased power costs to be included in developing the recovery factor for the period of January 2021 through December 2021 is essentially a "fall-out" issue, where the dollar values of several components are tabulated and summed to arrive at the appropriate amount to recover. The relevant components required to calculate the projected 2021 recovery amount are: total jurisdictional fuel and purchase power cost (adjusted for line losses), total true-up, revenue tax, and the GPIF amount. The derivation of DEF's 2021 fuel cost recovery amount is shown in Table 1 below:

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[3]Order No. PSC-2020-0154-PCO-EI, issued May 14, 2020, in Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.*

Table 1
DEF 2021 Fuel Cost Recovery

Factor Component	Amount
Jurisdictional Fuel and P.P. Cost	$1,279,043,741
Total True-up	(61,083,424)
Revenue Tax	876,931
GPIF	4,407,712
Total*	$1,223,244,961

Sources: Exhibit Nos. 2, 6, 7, 8.
*May not compute exactly due to rounding.

The record evidence indicates, and we find, that the appropriate projected net fuel and purchased power cost recovery amount, including the GPIF reward, to be included in the fuel cost recovery factor for the period January 2021 through December 2021 is $1,223,244,961.

We next address the appropriate levelized fuel cost recovery factor needed to recover the total projected net cost of fuel and purchased power for the period of January 2021 through December 2021. Included in the levelized fuel cost recovery factor are the total jurisdictional fuel and purchase power cost (adjusted for line losses), total true-up, revenue tax, and the GPIF component. These components of the fuel cost recovery factor were spread evenly (levelized) across the 2021 (12-month) jurisdictional megawatt-hour (MWh) sales forecast of 39,588,176 MWh (or 39,588,176,000 kilowatt-hours), to arrive at the proposed rounded levelized fuel cost recovery factor of 3.090 cents per kWh.

DEF witnesses Menendez and Lewter testified at hearing that the appropriate levelized fuel cost recovery factor needed to recover the total projected net cost of fuel and purchased power for the period of January 2021 through December 2021 is 3.090 cents per kWh. We agree with this testimony and find that the appropriate levelized fuel cost recovery factor needed to recover the total projected net cost of fuel and purchased power for the period of January 2021 through December 2021 is 3.090 cents per kWh.

The proposed fuel cost recovery factors for each rate group are primarily determined by our previous decision on the net amount of fuel and purchased power costs to be included in the recovery factor for the period January through December 2021. The other component used in this calculation is DEF's effective 2021 jurisdictional sales forecast. Further, "tiered" and "time-of-use" factors, relative to the levelized factors, are also necessary. Time-of-use factors involve calculating on- and off-peak multipliers, which is accomplished by ascertaining both applicable on-peak and off-peak average marginal fuel costs and dividing those figures by the applicable total average marginal fuel cost. For 2021, DEF's proposed on- and off-peak multipliers are 1.251 and 0.887, respectively.

DEF witness Menendez testified that the proposed fuel cost recovery factors for each rate group/delivery voltage level adjusted for line losses for the period January 2021 through December 2021, are as listed in Table 2 below:

Table 2
Fuel Cost Recovery Factors for the period January-December, 2021

Group	Delivery Voltage Level	Fuel Cost Recovery Factors (cents/kWh)			Time of Use (cents/kWh)	
		First Tier	Second Tier	Levelized	On-Peak	Off-Peak
A	Transmission	--	--	3.032	3.793	2.689
B	Distribution Primary	--	--	3.063	3.832	2.717
C	Distribution Secondary	2.811	3.811	3.094	3.871	2.744
D	Lighting Service	--	--	2.955	--	--

Source: Exhibit No. 7.

We agree with the testimony of witness Menendez and find that the appropriate fuel cost recovery actors for each rate class/delivery voltage level class, adjusted for line losses, are as listed on Table 2.

NON-CONTESTED ISSUES

The remaining DEF issues in this case are not affected by our decision on what action to take regarding the Bartow Unit 4 February 2017 outage. The Intervenors did not take positions on these issues at the Prehearing Conference and agreed at that time not to brief them and did not do so. With regard to these issues OPC stated as follows:

> OPC takes no position on this issue nor does it have the burden of proof related to it. As such, the OPC represents that it will not contest or oppose the Commission taking action approving a proposed stipulation between the Company and another party or Staff as a final resolution of the issue. No person is authorized to state that the OPC is a participant in, or party to, a stipulation on this issue, either in this docket, in an order of the Commission or in a representation to a Court.

FIPUG agreed with OPC's statement on all remaining DEF issues. PCS Phosphate agreed with OPC's statement for all issues except for the treatment of the three year reduction in Florida's corporate income tax rate where they agreed with DEF's position. Given these facts, we find that DEF's positions on these issues, as discussed below, shall be approved.

The appropriate 2020 benchmark for gains on non-separated wholesale energy sales eligible for a shareholder incentive is a three-year rolling average of actual prior gains on non-separated wholesale energy sales. DEF's customers will retain 100 percent of the gain at or below the benchmark level, and 80 percent above the benchmark level, while DEF's shareholders will retain 20 percent of the gain in excess of the prior three-year rolling benchmark. This methodology was approved by us in Order No. PSC-01-2371-FOF-EI.[4] The relevant time period of this analysis is calendar years 2017 through 2019. DEF witness Menendez testified that the 2017-2019 benchmark, or three-year rolling average gain on economy sales is $1,602,141. We agree with this testimony and hereby find that the appropriate

[4]Order No. PSC-01-2371-FOF-EI, issued December 7, 2001, in Docket No. 010283-EI, *In re: Calculation of gains and appropriate regulatory treatment for non-separated wholesale energy sales by investor-owned electric utilities*.

actual benchmark level of gains on non-separated energy sales eligible for a shareholder incentive in 2020 is $1,602,141.

We next address DEF's 2021 estimated benchmark for gains on non-separated wholesale energy sales eligible for shareholder incentive. DEF's customers will retain 100 percent of the gain at or below the benchmark level, and 80 percent above the benchmark level, while DEF's shareholders will retain 20 percent of the gain in excess of the prior three-year rolling average.[5] DEF witness Menendez testified that DEF's 2021 estimated benchmark for gains on non-separated wholesale energy sales eligible for a shareholder incentive is $1,682,538. We agree and find that DEF's 2021 estimated benchmark for gains on non-separated wholesale energy sales eligible for a shareholder incentive is $1,682,538.

DEF's final fuel revenue true-up amount for the period January 2019 through December 2019 represents the difference between calendar-year 2019 actual fuel cost and period-applicable revenue that was collected to cover such cost. We find that the appropriate final fuel adjustment true-up amount for the period January 2019 through December 2019 is an under-recovery of $21,535,230, which was incorporated into DEF's mid-course fuel factors approved by Order No. PSC-2020-0154-PCO-EI.

DEF's actual/estimated fuel revenue true-up amount for the period January 2020 through December 2020 is based on six months (January-June 2020) of actual fuel cost- and revenue-related data, and a re-estimated six months (July-December 2020) of fuel cost- and revenue-related data relative to the initial 12-month projection performed the prior year. The record evidence in this proceeding establishes the actual/estimated fuel revenue true-up amount for the period January 2020 through December 2020 is an over-recovery of $160,850,438. However, DEF incorporated a two-month actual/ten-month estimated 2020 fuel revenue net over-recovery of $78,231,785 ($99,767,015 gross projected 2020 over-recovery) in developing its then-proposed mid-course fuel factors that were approved in Order No. PSC-2020-0154-PCO-EI. As such, we find that the effective remaining actual/estimated true-up amount to be included in DEF's 2021 fuel cost recovery factors is an over-recovery of $61,083,424.

We next address the appropriate generating performance incentive factor (GPIF) reward or penalty for actual generating unit availability and heat rate efficiency during the period January 2019 through December 2019. The purpose of the GPIF program is to encourage generating utilities to maximize the heat rate efficiency of their production units. A generating utility will either achieve a reward, or incur a penalty, based on actual plant operational performance relative to specific efficiency targets that are set annually in this proceeding.

The 2019 GPIF efficiency targets applicable to DEF for the period January 2019 through December 2019 were established by Order No. PSC-2018-0610-FOF-EI.[6] DEF witness Lewter testified that the appropriate GPIF reward applicable to DEF for this period is $4,407,712. We

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[5]Order No. PSC-00-1744-PAA-EI, issued September 26, 2000, in Docket No. 991779-EI, *In re: Review of the appropriate application of incentives to wholesale power sales by investor-owned electric utilities* and Order No. PSC-01-2371-FOF-EI, issued December 7, 2001, in Docket No. 010283-EI, *In re: Calculation of gains and appropriate regulatory treatment for non-separated wholesale energy sales by investor-owned electric utilities*.
[6]Order No. PSC-2018-0610-FOF-EI, issued December 26, 2018, Docket No. 20180001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

hereby adopt witness Lewter's testimony and find that the appropriate GPIF reward applicable to DEF for the period January 2019 through December 2019 is $4,407,712.

We further find that the GPIF targets and ranges applicable to DEF for the period January 2021 through December 2021 are as stated in Table 3 below.

Table 3
GPIF Targets/Ranges for the period January-December, 2021

Plant/Unit		Equivalent Availability Factor			Average Net Operating Heat Rate		
		Target	Maximum		Target	Maximum	
		EAF (%)	EAF (%)	Savings (000)	ANOHR Btu/kWh	ANOHR Btu/kWh	Savings (000)
DEF	Bartow 4	91.05	93.10	$523	7,705	7,950	$4,418
	Crystal River 4	86.11	92.55	2,187	10,299	10,885	5,836
	Crystal River 5	81.01	86.28	1,626	10,434	11,058	5,056
	Hines 1	84.13	85.91	193	7,470	7,599	621
	Hines 2	94.71	95.40	41	7,402	7,599	1,173
	Hines 3	73.66	74.45	201	7,174	7,373	1,210
	Hines 4	93.68	94.85	317	6,999	7,173	1,625
	Total*			$5,087			$19,938

Source: Exhibit 9.
*May not compute exactly due to rounding.

Rule 25-6.0131(1)(a.), F.A.C., specifies that: "[e]ach investor-owned electric company shall pay a regulatory assessment fee in the amount of .00072 of gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities, and rural electric cooperatives or any combination thereof."[7] Based on DEF witness Menendez's testimony, we find that the correct tax factor (1.00072) was applied to the appropriate projected amount of fuel-related revenue to be collected for the period of January 2021 through December, 2021.

Due to the physics involved, a certain quantity of electricity is lost during its transmission and distribution through the electric grid which leads to variations in efficiency levels of delivered electricity. Because DEF must provide enough electricity to meet customer demand which will inherently include a quantity of line loss/differences in delivery efficiencies, a portion of this loss is accounted for and reflected through the "line loss multiplier." DEF witness Menendez testified, and we find, that the fuel recovery line loss multipliers to be applied to the fuel cost recovery factors for the period of January 2021 through December 2021 are as shown in Table 4 below:

[7]Rule 25-6.0131, F.A.C., *Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives*.

Table 4
DEF Fuel Recovery Line Loss Multipliers
January - December, 2021

Group	Delivery Voltage Level	Line Loss Multiplier
A	Transmission	0.98
B	Distribution Primary	0.99
C	Distribution Secondary	1.00
D	Lighting Service	1.00

Source: Exhibit 7.

We next address the remaining/stranded net book value (NBV) associated with two of DEF's now-retired generating units, namely Crystal River Units 1&2, or Crystal River South (CRS). CRS was retired in 2019 coinciding with the in-service of the "Citrus County or Crystal River Energy Complex." Authorization for capacity clause recovery of the CRS-associated NBV came with the approval of DEF's 2017 Second Revised and Restated Settlement Agreement (2017 Settlement).[8] The 2017 Settlement specifies December 31, 2020, as the end-point to develop the final NBV of CRS assets for accounting purposes/amount eligible for capacity cost recovery. DEF witness Menendez testified that the proposed NBV of CRS assets to be included for capacity clause recovery in 2021 is $80,592,431. We agree with the testimony of witness Menendez and find that the proposed NBV of CRS assets to be included for capacity clause recovery in 2021 is $80,592,431.

We authorized 2021 capacity clause recovery of the amortization associated with the Crystal River Unit No. 3 (CR3) Independent Spent Fuel Storage Installation (ISFSI) as part of our approval of DEF's 2017 Settlement.[9] DEF witness Menendez testified that the amount of amortization associated with the CR3 ISFSI to be included in the 2021 capacity factors is $6,879,837. This annual recovery amount consists of ISFSI investment, return, and revenue tax. We agree with witness Menendez's testimony and find that the amount of amortization associated with the CR3 ISFSI to be included in the 2021 capacity factors is $6,879,837.

The Florida State Corporate Income Tax rate was reduced from 5.5 percent to 4.458 percent for calendar years 2019, 2020, and 2021. A provision addressing and accounting for possible future changes in tax rates was part of DEF's 2017 Settlement.[10] DEF has requested that we approve the Third Implementation Stipulation which outlines the treatment of this state corporate tax reduction. The tax-related accounting treatment associated with the three year state corporate income tax reduction outlined in the Third Implementation Stipulation was agreed to by the parties to the 2017 Settlement, which included OPC, FIPUG, and PCS Phosphate.

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[8]Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC*; Docket No. 20100437-EI, *In re: Examination of the outage and replacement fuel/power costs associated with the CR3 steam generator replacement project, by Progress Energy Florida, Inc.*; Docket No. 20150171-EI*, In re: Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy*; Docket No. 20170001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Docket No. 20170002-EG, *In re: Energy conservation cost recovery clause*; Docket No. 20170009-EI, *In re: Nuclear cost recovery clause*.
[9]Order No. PSC-2017-0451-AS-EU.
[10]*Id.*

Although the OPC, and by extension FIPUG, "takes no position on this issue nor does it have the burden of proof related to it," both groups signed the Third Implementation Stipulation. PCS Phosphate (as "White Springs Agricultural Chemical, Inc.") also signed the Third Implementation Stipulation, and supports approval of the Third Implementation Stipulation.

The proposed Third Implementation Stipulation was filed on July 27, 2020, as an appendix to DEF witness Menendez' actual/estimated testimony. We hereby approve the Third Implementation Stipulation, and find that the total proposed refund to DEF's customers associated with the three-year Florida State Corporate Income Tax reduction is $8,379,918, which is the amount that shall be included in calculating the recoverable 2021 capacity cost.

We next address the specific true-up amounts associated with a number of DEF's SoBRA-recovered projects, namely plants: Columbia, DeBary, Lake Placid, and Trenton. These projects were approved by Order Nos. PSC-2019-0159-FOF-EI and PSC-2019-0292-FOF-EI.[11]

As part of the SoBRA framework, approved as part of the 2017 Settlement,[12] DEF is required to perform a true-up if the actual/final capital expenditures are lower than the approved capital expenditures, or if the facility in-service dates vary from those originally assumed. Any credit/refund is to be effectuated through the capacity clause. DEF witness Menendez, testified that the total proposed SoBRA-related credit to be included in the 2021 total recoverable capacity cost is $1,023,015. We agree with the testimony of witness Menendez and find that the total proposed SoBRA-related credit to be included in the 2021 total recoverable capacity cost is $1,023,015.

DEF's final capacity revenue true-up amount for the period of January 2019 through December 2019 represents the difference between calendar-year 2019 actual capacity costs and period-applicable capacity revenues that were collected to cover such cost. DEF witness Menendez testified that the actual capacity revenue true-up amount for the period January 2019 through December 2019 is an under-recovery of $797,779. We agree and find that the actual capacity revenue true-up amount for the period January 2019 through December 2019 is an under-recovery of $797,779.

DEF's actual/estimated capacity revenue true-up amount for the period of January 2020 through December 2020 is based on six months (January-June 2020) of actual capacity cost- and revenue-related data, and a re-projected six months (July-Dec. 2020) of capacity cost- and revenue-related data relative to the projection performed the prior year. DEF witness Menendez testified that the actual/estimated capacity revenue true-up amount for the period January 2020 through December 2020 is an over-recovery of $334,694. We agree and find that the actual/estimated capacity revenue true-up amount for the period January 2020 through December 2020 is an over-recovery of $334,694.

The net amount of prior and current period over- or under-collected revenue to be accounted for in setting the 2021 capacity factors is next to be determined. We have previously

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[11]Order No. PSC-2019-0159-FOF-EI, issued April 30, 2019, in Docket No. 20180149-EI, *In re: Petition for a limited proceeding to approve first solar base rate adjustment, by Duke Energy Florida, LLC*, and Order No. PSC-2019-0292-FOF-EI, issued July 22, 2019, in Docket No. 20190072-EI, *In re: Petition for a limited proceeding to approve second solar base rate adjustment, by Duke Energy Florida, LLC.*
[12]Order No. PSC-2017-0451-AS-EU.

found that the final capacity revenue true-up amount for the period January 2019 through December 2019 is an under-recovery of $797,779. Further, we have also found that the actual/estimated capacity revenue true-up amount for the period January 2020 through December 2020 is an over-recovery of $334,694. Based on these findings, we further find that the total true-up to be applied to the January through December 2021 capacity cost recovery factors is a net under-recovery of $463,084.

The projected total 2021 jurisdictional capacity cost consists of general and other capacity-related costs, CRS costs, as well as tax- and SoBRA-related credits. DEF witness Menendez testified that the projected total capacity cost for the period of January 2021 through December 2021 is $479,983,370. We agree and find that the projected total capacity cost for the period of January 2021 through December 2021 is $479,983,370.

The relevant components required to calculate the 2021 capacity cost recovery amount are: total jurisdictional net capacity costs, true-up, and revenue tax. Based on our previous decisions, the appropriate projected net purchased power capacity cost to be included in setting the cost recovery factors for the period of January 2021 through December 2021 is $487,677,167. We further find that the derivation of DEF's 2021 proposed capacity cost recovery amount is as shown on Table 5 below:

Table 5
DEF 2021 Capacity Cost Recovery

Cost Component	Amount
Projected Total Capacity Costs	$486,863,207
Total True-up	463,084
Revenue Tax	350,875
Total*	$487,677,167

Sources: Exhibits 3, 7.
*May not compute exactly due to rounding.

A provision addressing demand-related jurisdictional separation factors was part of DEF's 2017 Settlement.[13] As specified in the 2017 Settlement, and testified to by DEF witness Menendez, the agreed upon demand-related jurisdictional separation factors applicable to cost recovery clauses are shown in Table 6 below:

Table 6
DEF Jurisdictional Separation Factors - Capacity
January - December, 2021

Classification	Separation Factor (%)
Base	92.885
Intermediate	72.703
Peaking	95.924

Sources: Exhibit 7; Order No. PSC-2017-0451-AS-EU.

We agree with witness Menendez and hereby approve the demand-related jurisdictional separation factors applicable to cost recovery clauses as shown in Table 6 above.

[13]Order No. PSC-2017-0451-AS-EU.

The 2021 capacity cost recovery factors for each rate class are primarily determined by our decisions on the net amount of capacity costs to be included in the recovery factors for 2021 and the jurisdictional separation factors used. Additionally, DEF's 2017 Settlement contains a provision addressing the demand-related cost allocation methodology to be used for capacity clause rate-making purposes.[14] The 2017 Settlement specifies that DEF will utilize the "12 Coincident Peak Load and 1/13 Average Demand" cost allocation methodology. The other component utilized for rate making in this issue is DEF's effective 2021 class-specific jurisdictional sales forecast.

DEF witness Menendez testified to the proposed capacity cost recovery factors shown by rate class in Table 7 below:

Table 7
DEF Capacity Cost Recovery Factors
January-December, 2021

Rate Class		2021 Capacity and CR3 ISFSI Cost Recovery Factors	
		Cents per kWh	Dollars per kW-month
Residential (RS-1, RST-1, RSL-1, RSL-2, RSS-1) At Secondary Voltage		1.405	
General Service Non-Demand (GS-1, GST-1)			
	At Secondary Voltage	1.342	
	At Primary Voltage	1.329	
	At Transmission Voltage	1.315	
General Service (GS-2)		0.808	
Lighting (LS-1)		0.172	
General Service Demand (GSD-1, GSDT-1, SS-1)			
	At Secondary Voltage		4.20
	At Primary Voltage		4.16
	At Transmission Voltage		4.12
Curtailable (CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3)			
	At Secondary Voltage		1.22
	At Primary Voltage		1.21
	At Transmission Voltage		1.20
Interruptible (IS-1, IST-1, IS-2, IST-2, SS-2)			
	At Secondary Voltage		3.50
	At Primary Voltage		3.47
	At Transmission Voltage		3.43
Standby Monthly (SS-1, 2, 3)			
	At Secondary Voltage		0.404
	At Primary Voltage		0.400
	At Transmission Voltage		0.396
Standby Daily (SS-1, 2, 3)			

[14] Order No. PSC-2017-0451-AS-EU.

Table 7
DEF Capacity Cost Recovery Factors
January-December, 2021

Rate Class		2021 Capacity and CR3 ISFSI Cost Recovery Factors	
		Cents per kWh	Dollars per kW-month
	At Secondary Voltage		0.192
	At Primary Voltage		0.190
	At Transmission Voltage		0.188

Source: Exhibit 7.

We agree with witness Menendez and hereby approve the capacity cost recovery factors shown by rate class in Table 7 above.

We find that the new factors for DEF shall become effective beginning with the first billing cycle for January 2021 through the last billing cycle for December 2021. The first billing cycle may start before January 1, 2021, and the last cycle may be read after December 31, 2021, so that each customer is billed for twelve months regardless of when the recovery factors became effective. Further, the new factors shall continue to be effective until modified by this Commission.

We hereby approve revised tariffs for DEF reflecting the fuel adjustment factors and capacity cost recovery factors determined to be reasonable in this proceeding and direct our staff to verify that the revised tariffs are consistent with our decisions.

Finally, DEF is correct that parties are unable to take a position on, or to brief, issues on which they did not take a position by the date set at the Prehearing Conference. DEF is also correct that OPC, FIPUG and PCS Phosphate did not take positions on whether this docket should be closed. However, we reject DEF's position that the docket be closed. While a separate docket number is assigned each year for administrative convenience, this is a continuing docket and we find that it shall remain open.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the findings set forth in the body of this Order are hereby approved. It is further

ORDERED that Duke Energy Florida, LLC is hereby authorized to apply the fuel cost recovery factors set forth herein during the period January 2021 through December 2021. It is further

ORDERED that the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Duke Energy Florida, LLC is hereby authorized to apply the capacity cost recovery factors set forth herein during the period January 2021 through December 2021. It is further

ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that the revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding are hereby approved and we direct Commission staff to verify that the revised tariffs are consistent with our decisions. It is further

ORDERED that while the Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor docket is assigned a separate docket number each year for administrative convenience, it is a continuing docket and shall remain open.

By ORDER of the Florida Public Service Commission this 6th day of January, 2021.

ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SBr

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.