BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 100001-EI ORDER NO. PSC-10-0654-PHO-EI ISSUED: October 29, 2010

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 25, 2010, in Tallahassee, Florida, before Commissioner Nathan A. Skop, as Prehearing Officer.

APPEARANCES:

R. ALEXANDER GLENN, JOHN T. BURNETT, and DIANNE M TRIPLETT ESQUIRES, Progress Energy Service Co., LLC, 299 First Avenue North, St. Petersburg, Florida 33701-3324
On behalf of Progress Energy, Florida, Inc. (PEF).

BETH KEATING, ESQUIRE, Akerman Senterfitt Attorneys at Law, 106 East College Avenue, Highpoint Center, 12th Floor, Tallahassee, Florida 32301
On behalf of Florida Public Utilities Company (FPUC).

JEFFREY A. STONE, RUSSELL A. BADDERS, and STEVEN R. GRIFFIN, ESQUIRES, Beggs & Lane, P.O. Box 12950, Pensacola, Florida 32591-2950
On behalf of Gulf Power Company (GULF).

JAMES D. BEASLEY and J. JEFFRY WAHLEN, ESQUIRES, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

PATRICIA A. CHRISTENSEN and CHARLIE BECK, ESQUIRES, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida (OPC).

PATRICK K. WIGGINS, ESQUIRE, Patrick K. Wiggins, P.A., Post Office Drawer 1657, Tallahassee, Florida 32302
On behalf of the Association For Fairness In Rate Making (AFFIRM).

KAREN S. WHITE, ESQUIRE, and SHAYLA L. MCNEILL, CAPTAIN, 139 Barnes Drive, Suite 1, Tyndall Air Force Base, FL 32403-5319
On behalf of Federal Executive Agencies (FEA).

JON C. MOYLE, JR. and VICKI GORDON KAUFMAN, ESQUIRES, Keefe, Anchors, Gordon & Moyle, P.A., 118 North Gadsden Street, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group (FIPUG).

ROBERT SCHEFFEL WRIGHT and JOHN T. LAVIA, III, ESQUIRES, Young van Assenderp, P.A., 225 South Adams Street, Suite 200, Tallahassee, Florida 32301
On behalf of the Florida Retail Federation (FRF) and the City of Marianna, Florida (Marianna).

CECILIA BRADLEY, ESQUIRE, Office of the Attorney General, The Capitol – PL01, Tallahassee, Florida 32399-1050
On behalf of Attorney General Bill McCollum (OAG).

JAMES W. BREW and F. ALVIN TAYLOR, ESQUIRES, Brickfield, Burchette, Ritts & Stone, P.C.. 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007
On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate).

LISA C. BENNETT and ERIK L. SAYLER, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

PREHEARING ORDER
PROGRESS ENERGY FLORIDA, INC., FLORIDA PUBLIC UTILITIES COMPANY, GULF POWER COMPANY, AND TAMPA ELECTRIC COMPANY

I. CASE BACKGROUND

As part of the continuing fuel and purchased power adjustment and generating performance incentive clause proceedings, an administrative hearing will be held by the Public Service Commission on November 1-3, 2010. The Commission will address those issues listed in this prehearing order. The Commission has the option to render a bench decision on any or all of the issues listed below.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.). This hearing will be governed by said Chapter and Chapters 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

(1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

(2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

As a result of discussions at the prehearing conference, each witness whose name is followed by an asterisk (*) may be excused from this hearing if no Commissioner seeks to cross-examine the particular witness. Parties will be notified as to whether any such witness shall be required to be present at hearing. The testimony of excused witnesses will be inserted in the record as though read, and all exhibits submitted with those witnesses' testimony, as shown in Section IX of this Prehearing Order, shall be identified and admitted in the record.

Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

Witness	Proffered By	Issues #
Direct		
Will Garrett	PEF	8, 27
Marcia Olivier	PEF	1C, 1D, 6, 7, 9-16, 23A, 28, 30-33
Joseph McCallister	PEF	1A, 1B
Robert M. Oliver*	PEF	21, 22
Curtis D. Young*	FPUC	3A, 8, 9
Mark Cutshaw*	FPUC	3A, 6-16
H. R. Ball	GULF	4A, 4B, 4C, 6, 7, 8, 9, 27, 28, 31
R. W. Dodd*	GULF	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 27, 28, 30, 31, 32, 33
M.A. Young*	GULF	21, 22
Carlos Aldazabal*	TECO	5A, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 27, 28, 30, 31, 32, 33
Brian S. Buckley*	TECO	12, 21, 22
Benjamin F. Smith*	TECO	5A, 5B, 12, 31
Joann T. Wehle	TECO	5A, 5B, 12
Ronald A. Mavrides	STAFF	1A
Kathy L. Welch*	STAFF	3
Donna D. Brown*	STAFF	4A
Daniel Acheampong*	STAFF	5A

VII. BASIC POSITIONS

UTILITIES:

PEF: Not applicable. PEF's positions to specific issues are listed below.

FPUC: The Company has properly projected its costs. Likewise, the Company has calculated its true-up amounts and purchased power cost recovery factors appropriately. As such, the Company would ask that these amounts and factors be approved by the Commission.

GULF: It is the basic position of Gulf Power Company that the fuel and capacity cost recovery factors proposed by the Company present the best estimate of Gulf's fuel and capacity expense for the period January 2011 through December 2011 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

TECO: The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery and GPIF true-up and projection calculations, including the proposed fuel adjustment factor of 4.225 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage; the company's proposed for the period January through December 2011; a GPIF reward of $1,830,855 and approval of the company's proposed GPIF targets and ranges for 2011. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of $2,325,363 for calendar year 2011.

INTERVENOR:

OPC: None

AFFIRM: None

FEA: FEA's positions are preliminary and based on materials filed by the parties and on discovery. FEA's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

FIPUG: Progress Energy Florida, Inc. (PEF) has overstated its forecasts of natural gas prices. The NYMEX forward price is readily available, and is used by PEF in deriving their respective fuel cost estimates. The forecasts used by PEF, relies on NYMEX forward prices from mid-June. Consequently, the forecasts used are inflated. These overstated projections, should they be adopted without modification, will cause consumers to overpay for fuel and deprive them of funds that could be used for other purposes during these difficult economic times. PEF has reviewed the accuracy of their own forecasts, and believes that the original filing is inflated by nearly 7%. If more accurate and timely forecasts were used by PEF, ratepayers would save 126 million dollars in fuel costs according to PEF's own analysis. Progress, as was recently done by another investor-owned utility that is a party to this proceeding, should update its fuel filing to reflect significant changes in fuel forecast prices.

Furthermore, as a matter of general principle, FIPUG contends that it would be in the interest of energy efficiency for the Commission to more specifically identify all fixed and non-volatile costs presently incorporated in the fuel clause and to require utilities to segregate these costs in fuel cost recovery dockets for appropriate action. Cost recovery clauses by their nature should deal with volatile and unusual costs rather than fixed costs. This is especially true now that utilities have redesigned their base rate structures to put more emphasis on collecting for fixed costs through energy consumption charges. Electric consumption falls in economically recessed times putting fixed cost recovery in peril unless new rate increases are granted or concepts, such as, revenue decoupling are introduced. When fixed costs are included in the energy charge it likewise discourages utilities from promoting fuel saving conservation. Utilities have no economic incentive to conserve fuel when all the fuel cost risk has been shifted to customers. Identifying fixed and non-volatile costs contained within the fuel clause will increase transparency.

Because fuel charges are now based more on forecasts rather than actual experience, customers are disadvantaged. By Commission order midcourse corrections only occur when utilities opt to revise their forecasts or when the forecasts are in error by more than 10 percent. It appears to FIPUG that the new procedure gives utilities too much leeway in setting fuel charges based on internal forecasts that they are at liberty to accelerate or postpone. FIPUG recommends that fuel cost forecasts be mandated quarterly or that the Commission revert to basing fuel charges on actual rather than forecasted results.

Finally, in recent years, there is growing concern that the commodities markets may currently be governed more by derivative transactions than actual demand for the commodity. FIPUG suspects that when prices fell dramatically below forecasts in the fall of 2008 and 2009 a significant amount of the benefits customers received when prices were rising have been wiped out by utility hedging practices. FIPUG remains concerned about significant hedging losses, but must continue to rely heavily on the Commission staff to protect consumer interest in connection with the derivative commodities markets because, in part, utility hedging practices are deemed to be trade secrets unavailable to the general public.

FRF: All of the investor-owned electric utilities bear the burden of proving the reasonableness and prudence of their expenditures for which they seek recovery through their Fuel and Purchased Power Cost Recovery Charges. The FRF agrees with FIPUG that Progress Energy Florida, Inc. (PEF) has overstated its forecasts of natural gas prices by relying on forecasts for NYMEX (New York Mercantile Exchange) forward gas prices from mid-June, whereas current forecasts, which are better evidence of likely gas prices in 2011, are significantly lower than those used by these utilities. If PEF's fuel charges are based on these overstated projections, those fuel charges will be overstated and customers will pay more than the fuel costs that these utilities incur to serve them.

Marianna: The City of Marianna's basic position is that FPUC's purchased power costs are unjust, unreasonable, and excessive because of the unwise and imprudent decisions that FPUC made in entering into its current wholesale power purchase agreement with Gulf Power Company. However, recognizing that the Commission's order approving that agreement for cost recovery is final, the City of Marianna does not intend to challenge FPUC's fuel charges in Docket No. 100001-EI. The City of Marianna continues to evaluate all options and available remedies to correct the current situation – i.e., the unjust, unreasonable, and excessive rates that FPUC is charging to the City of Marianna and to all of FPUC's customers in its Northwest division – and the City reserves all rights to pursue any and all viable, justiciable opportunities for relief before the Commission in future dockets, including future Fuel and Purchased Power Cost Recovery proceedings.

OAG: None at this time.

PCS: PCS Phosphate generally accepts and adopts the positions taken by the Florida Office of Public Counsel ("OPC") with respect to the fuel costs sought to be recovered by Progress Energy Florida ("Progress" or "PEF"). PCS Phosphate, however, agrees with the Florida Industrial Power Users Group ("FIPUG") that the prudence of replacement power costs associated with the extended outage of Crystal River Unit 3 should not be presumed. Recovery of such costs, if deemed prudent, should follow, rather than precede, the conclusion of the spin-off docket requested by PEF for that purpose.

STAFF: 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.

VIII. ISSUES AND POSITIONS

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Progress Energy Florida, Inc.

ISSUE 1A: Should the Commission approve as prudent, Progress Energy Florida Inc.'s actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Progress Energy Florida, Inc.'s April 2010 and August 2010 hedging reports?

POSITIONS

PEF: Yes. PEF's actions are reasonable and prudent.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: No. Progress will present no compelling evidence that describes how its hedging program mitigates the volatility of natural gas, residual oil, and purchased power prices.

FRF: No.

Marianna: No position.

OAG: No position.

PCS: PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: No position at this time.

ISSUE 1B: Should the Commission approve Progress Energy Florida, Inc.'s 2011 Risk Management Plan?

POSITIONS

PEF: Yes.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: No.

FRF: No.

Marianna: No position.

OAG: No position.

PCS: No.

STAFF: No position at this time.

ISSUE 1C: Should the prudence of Progress Energy Florida, Inc.'s replacement power costs related to the extended outage at Crystal River Unit 3 be considered in a separate docket? *

* *By Order No. PSC-10-0632-PCO-EI, issued October 25, 2010, issue 1C shall be spun-out and addressed in a separate proceeding.*

ISSUE 1D: Should Progress Energy Florida, Inc. be permitted to collect through the fuel clause, amounts related to replacement power due to the extended outage at Crystal River Unit 3 prior to the Commission's determination of the prudence of such costs in a separate docket?

POSITIONS

PEF: Yes. This legal issue was resolved in Order Number PSC-07-0816-FOF-EI, issued October 10, 2007, in which the Commission held that utilities recover reasonable fuel and capacity charges each year in the fuel docket without a determination of prudence during the fuel clause hearings. Specifically, the Commission noted: "As stated in Order 12645, the fuel clause is a comparison of a utility's projected fuel costs to the costs actually expended. It is not a prudence review." (Order at p. 15, emphasis added). Thus, the collection of replacement power costs in this instance is consistent with Commission precedent and practice.

OPC: No.

FEA: No position.

FIPUG: No. Ratepayers should not be required to pay for such costs prior to the presentation of evidence and a determination by the Commission in the separate docket whether PEF's actions related to Crystal River 3 outage expenditures are reasonable and prudent. Due process suggests that the Commission make a determination of the reasonableness and prudency of PEF's actions before additional ratepayers' property interests, i.e., ratepayer monies, are adversely affected and they are saddled with an additional rate increase. Allowing recovery before the presentation of evidence related to actions associated with the Crystal River 3 outage is putting the cart before the horse.

FRF: No. The FRF agrees with FIPUG that Progress's customers should not be required to pay for such replacement power costs before the Commission has made its final determinations in the spin-off docket requested by Progress.

Marianna: No position.

OAG: No.

PCS: No. PCS Phosphate agrees with and adopts the position of FIPUG.

STAFF: No position at this time.

ISSUE 2: ***This issue is intentionally blank.***

Florida Public Utilities Company

ISSUE 3: *Proposed Type B Stipulation, See Section X.*

Gulf Power Company

ISSUE 4A: Should the Commission approve as prudent, Gulf Power Company's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Gulf Power Company's April 2010 and August 2010 hedging reports?

POSITIONS

GULF: Yes.

OPC: No position.

AFFIRM: No position.

FEA: No, agree with FIPUG.

FIPUG: No.

FRF: No.

Marianna: No position.

OAG: No position.

PCS: No position.

STAFF: No position at this time.

ISSUE 4B: Should the Commission approve Gulf Power Company's 2011 Risk Management Plan?

POSITIONS

GULF: Yes.

OPC: No position.

AFFIRM: No position.

FEA: No, agree with FIPUG.

FIPUG: No.

FRF: No.

OAG: No position.

PCS: No position.

STAFF: No position at this time.

ISSUE 4C: *Proposed Type B Stipulation, See Section X.*

ISSUE 4D: *Proposed Type B Stipulation, See Section X.*

Tampa Electric Company

ISSUE 5A: Should the Commission approve as prudent, Tampa Electric Company's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Tampa Electric Company's April 2010 and August 2010 hedging reports?

POSITIONS

TECO: Yes. Tampa Electric prudently followed its 2009 and 2010 Risk Management Plans and accordingly utilized financial hedges to mitigate volatility of natural gas prices during the period January 2009 through July 2010.

OPC: No position.

AFFIRM: No position.

FEA: No, agree with FIPUG.

FIPUG: No.

FRF: No.

Marianna: No position.

OAG: No position.

PCS: No position.

STAFF: No position at this time.

ISSUE 5B: Should the Commission approve Tampa Electric Company's 2011 Risk Management Plan?

POSITIONS

TECO: Yes. Tampa Electric's 2011 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability.

OPC: No position.

AFFIRM: No position.

FEA: No, agree with FIPUG.

FIPUG: No.

FRF: No.

Marianna: No position.

OAG: No position.

PCS: No position.

STAFF: No position at this time.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: *Proposed Type B Stipulation, See Section X.*

ISSUE 7: *Proposed Type B Stipulation, See Section X.*

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2009 through December 2009?

POSITIONS

PEF: $8,064,647 over-recovery.

FPUC: *Type C Stipulation – FPUC only, See Section X.*

GULF: Over recovery $9,959,388.

TECO: $14,108,291 over-recovery.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Appropriate adjustments should be made reflect unreasonable hedging costs incurred.

FRF: Agree with FIPUG.

Marianna: As stated in its basic position, the City of Marianna believes that FPUC's purchased power costs are unjust, unreasonable, and excessive because of the unwise and imprudent decisions that FPUC made in entering into its current wholesale power purchase agreement with Gulf Power Company, but, reserving all rights, Marianna does not intend to challenge FPUC's fuel charges in this docket.

OAG: No position.

PCS: With respect to PEF, PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: No position at this time.

ISSUE 9: What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010?

POSITIONS

PEF: $120,872,183 under-recovery.

FPUC: *Type C Stipulation – FPUC only, See Section X.*

GULF: Under recovery $23,786,207.

TECO: $52,979,582 over-recovery.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Recovery for fuel and capacity expenditures for calendar year 2010 should not include any monies associated with: 1) PEF using outdated and incorrect natural gas pricing information in its natural gas fuel forecasts; and 2) purchasing replacement power or capacity due to the extended outage of PEF's Crystal River 3 nuclear power plant. All issues related to this extended outage, including whether the sums paid for replacement power or capacity were reasonable, should be decided in the "spin off" docket that will examine numerous issues related to the extended outage of PEF's Crystal River nuclear power plant. Additionally, appropriate adjustments should be made to reflect unreasonable hedging costs incurred.

FRF: Agree with FIPUG as to PEF; otherwise the FRF has no position.

Marianna: As stated in its basic position, the City of Marianna believes that FPUC's purchased power costs are unjust, unreasonable, and excessive because of the unwise and imprudent decisions that FPUC made in entering into its current wholesale power purchase agreement with Gulf Power Company, but, reserving all rights, Marianna does not intend to challenge FPUC's fuel charges in this docket.

OAG: No position.

PCS: With respect to PEF, PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: No position at this time.

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2011 to December 2011?

POSITIONS

PEF: $112,807,536 under-recovery.

FPUC: *Type C Stipulation – FPUC only, See Section X.*

GULF: Collection of $13,826,819.

TECO: $67,087,873 over-recovery.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Recovery for fuel and capacity expenditures should not include any monies associated with: 1) PEF using outdated and incorrect natural gas pricing information in its natural gas fuel forecasts; and 2) PEF purchasing replacement power or capacity due to the extended outage of PEF's Crystal River 3 nuclear power plant. All issues related to this extended outage, including whether the sums paid for replacement power or capacity were reasonable, should be decided in the "spin off" docket that will examine numerous issues related to the extended outage of PEF's Crystal River nuclear power plant.

FRF: Agree with FIPUG as to PEF; otherwise the FRF has no position.

Marianna: As stated in its basic position, the City of Marianna believes that FPUC's purchased power costs are unjust, unreasonable, and excessive because of the unwise and imprudent decisions that FPUC made in entering into its current wholesale power purchase agreement with Gulf Power Company, but, reserving all rights, Marianna does not intend to challenge FPUC's fuel charges in this docket.

OAG: No position.

PCS: With respect to PEF, PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: No position at this time.

ISSUE 11: *Proposed Type B Stipulation, See Section X.*

ISSUE 12: 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 2011 to December 2011?

POSITIONS

PEF: $1,857,187,298.

FPUC: *Type C Stipulation – FPUC only, See Section X.*

GULF: $570,992,471 including prior period true-up amounts and revenue taxes.

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2011 through December 2011, adjusted by the jurisdictional separation factor, is $862,959,690. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up and GPIF and adjusted for the revenue tax factor, is $798,275,699.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Recovery for fuel and capacity expenditures should not include any monies associated with: 1) PEF using outdated and incorrect natural gas pricing information in its natural gas fuel forecasts; and 2) PEF purchasing replacement power or capacity due to the extended outage of PEF's Crystal River 3 nuclear power plant. All issues related to this extended outage, including whether the sums paid for replacement power or capacity were reasonable, should be decided in the "spin off" docket that will examine numerous issues related to the extended outage of PEF's Crystal River nuclear power plant.

FRF: No position.

Marianna: As stated in its basic position, the City of Marianna believes that FPUC's purchased power costs are unjust, unreasonable, and excessive because of the unwise and imprudent decisions that FPUC made in entering into its current wholesale power purchase agreement with Gulf Power Company, but, reserving all rights, Marianna does not intend to challenge FPUC's fuel charges in this docket.

OAG: No position.

PCS: With respect to PEF, PCS Phosphate agrees with and adopts the position of the OPC.

STAFF: No position at this time.

ISSUE 13: What are the appropriate levelized fuel cost recovery factors for the period January 2011 to December 2011?

POSITIONS

PEF: 5.105 cents per kWh (adjusted for jurisdictional losses).

FPUC: *Type C Stipulation – FPUC only, See Section X.*

GULF: 5.104 cents/kWh.

TECO: The appropriate factor is 4.218 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Recovery for fuel and capacity expenditures should not include any monies associated with: 1) PEF using outdated and incorrect natural gas pricing information in its natural gas fuel forecasts; and 2) PEF purchasing replacement power or capacity due to the extended outage of PEF's Crystal River 3 nuclear power plant. All issues related to this extended outage, including whether the sums paid for replacement power or capacity were reasonable, should be decided in the "spin off" docket that will examine numerous issues related to the extended outage of PEF's Crystal River nuclear power plant.

FRF: Agree with FIPUG as to PEF; otherwise the FRF has no position.

Marianna: As stated in its basic position, the City of Marianna believes that FPUC's purchased power costs are unjust, unreasonable, and excessive because of the unwise and imprudent decisions that FPUC made in entering into its current wholesale power purchase agreement with Gulf Power Company, but, reserving all rights, Marianna does not intend to challenge FPUC's fuel charges in this docket.

OAG: No position.

PCS: With respect to PEF, PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: No position at this time.

ISSUE 14: *Proposed Type B Stipulation, See Section X.*

ISSUE 15: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

POSITIONS

PEF:

Fuel Cost Factors (cents/kWh)						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	5.010	6.543	4.284
B	Distribution Primary	--	--	5.061	6.610	4.327
C	Distribution Secondary	4.797	5.797	5.112	6.676	4.371
D	Lighting	--	--	4.802	--	--

FPUC: *Type C Stipulation – FPUC only, See Section X.*

GULF: See table below:

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00525921	5.131	6.013	4.762
B	LP, LPT, SBS(2)	0.98890061	5.047	5.916	4.684
C	PX, PXT, RTP, SBS(3)	0.98062822	5.005	5.866	4.645
D	OSI/II	1.00529485	5.081	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO: The appropriate factors are as follows:

Metering Voltage Level	Fuel Charge Factor (cents per kWh)	
Secondary	4.225	
Tier I (Up to 1,000 kWh)	3.875	
Tier II (Over 1,000 kWh)	4.875	
Distribution Primary	4.183	
Transmission	4.141	
Lighting Service	4.134	
Distribution Secondary	4.817	(on-peak)
	3.994	(off-peak)
Distribution Primary	4.769	(on-peak)
	3.954	(off-peak)
Transmission	4.721	(on-peak)
	3.914	(off-peak)

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: No position.

FRF: No position.

Marianna: As stated in its basic position, the City of Marianna believes that FPUC's purchased power costs are unjust, unreasonable, and excessive because of the unwise and imprudent decisions that FPUC made in entering into its current wholesale power purchase agreement with Gulf Power Company, but, reserving all rights, Marianna does not intend to challenge FPUC's fuel charges in this docket.

OAG: No position.

PCS: With respect to PEF, PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: No position at this time.

ISSUE 16: *Proposed Type B Stipulation, See Section X.*

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

Progress Energy Florida, Inc.

No company-specific issues for Progress Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 17A, 17B, 17C, and so forth, as appropriate.

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 19A, 19B, 19C, and so forth, as appropriate.

Tampa Electric Company

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 20A, 20B, 20C, and so forth, as appropriate.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 21: *Proposed Type B Stipulation, See Section X.*

ISSUE 22: *Proposed Type B Stipulation, See Section X.*

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Progress Energy Florida, Inc.

ISSUE 23A: *Proposed Type B Stipulation, See Section X.*

Gulf Power Company

None raised by Gulf Power Company. If such issues are identified, they shall be numbered 25A, 25B, 25C, and so forth, as appropriate.

Tampa Electric Company

No company-specific 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: *Proposed Type B Stipulation, See Section X.*

ISSUE 28: *Proposed Type B Stipulation, See Section X.*

ISSUE 29: ***Intentionally left blank.***

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2011 through December 2011? *

** Partial proposed Type B Stipulation for Gulf & TECO, See Section X.*

POSITIONS

PEF: $52,311,070 over-recovery.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Recovery for fuel and capacity expenditures should not include any monies associated with: 1) PEF using outdated and incorrect natural gas pricing information in its natural gas fuel forecasts; and 2) PEF purchasing replacement power or capacity due to the extended outage of PEF's Crystal River 3 nuclear power plant. All issues related to this extended outage, including whether the sums paid for replacement power or capacity were reasonable, should be decided in the "spin off" docket that will examine numerous issues related to the extended outage of PEF's Crystal River nuclear power plant.

FRF: Agree with FIPUG as to PEF; otherwise the FRF has no position.

Marianna: No position.

OAG: No position.

PCS: PCS Phosphate agrees with and adopts the position of FIPUG.

STAFF: PEF: $ 52,311,070 over-recovery (to be refunded.)

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 2011 through December 2011? *

** Partial proposed Type B Stipulation for Gulf & TECO, See Section X.*

POSITIONS

PEF: $451,867,504 consisting of $288,169,066 of capacity payments and $163,698,438 of nuclear costs as presented in Thomas G. Foster's testimony pending Commission approval in Docket No. 100009-EI.

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Recovery for fuel and capacity expenditures should not include any monies associated with: 1) PEF using outdated and incorrect natural gas pricing information in its natural gas fuel forecasts; and 2) PEF purchasing replacement power or capacity due to the extended outage of PEF's Crystal River 3 nuclear power plant. All issues related to this extended outage, including whether the sums paid for replacement power or capacity were reasonable, should be decided in the "spin off" docket that will examine numerous issues related to the extended outage of PEF's Crystal River nuclear power plant.

FRF: Agree with FIPUG as to PEF; otherwise the FRF has no position.

Marianna: No position.

OAG: No position.

PCS: PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: PEF: $451,867,504 is an appropriate projected net amount for setting the 2011 factors. PEF has used $3.6 million of the NEIL reimbursement to offset its estimated incremental capacity cost due to the CR-3 extended outage. PEF should continue this practice so that the incremental capacity cost due to the CR-3 extended outage, to be decided by the Commission, will be offset entirely by NEIL reimbursement.

ISSUE 32: *Proposed Type B Stipulation, See Section X.*

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2011 through December 2011? *

* *Partial proposed Type B Stipulation for Gulf & TECO, See Section X.*

POSITIONS

PEF:

Rate Class	CCR Factor
Residential	1.527 cents/kWh
General Service Non-Demand	1.113 cents/kWh
@ Primary Voltage	1.102 cents/kWh
@ Transmission Voltage	1.091 cents/kWh
General Service 100% Load Factor	0.803 cents/kWh
General Service Demand	0.992 cents/kWh
@ Primary Voltage	0.982 cents/kWh
@ Transmission Voltage	0.972 cents/kWh
Curtailable	0.845 cents/kWh
@ Primary Voltage	0.837 cents/kWh
@ Transmission Voltage	0.828 cents/kWh
Interruptible	0.798 cents/kWh
@ Primary Voltage	0.790 cents/kWh
@ Transmission Voltage	0.782 cents/kWh
Lighting	0.233 cents/kWh

OPC: No position.

AFFIRM: No position.

FEA: No position.

FIPUG: Recovery for fuel and capacity expenditures should not include any monies associated with: 1) PEF using outdated and incorrect natural gas pricing information in its natural gas fuel forecasts; and 2) PEF purchasing replacement power or capacity due to the extended outage of PEF's Crystal River 3 nuclear power plant. All issues related to this extended outage, including whether the sums paid for replacement power or capacity were reasonable, should be decided in the "spin off" docket that will examine numerous issues related to the extended outage of PEF's Crystal River nuclear power plant

FRF: No position.

Marianna: No position.

OAG: No position.

PCS: PCS Phosphate agrees with and adopts the position of the FIPUG.

STAFF: No position at this time.

IX. EXHIBIT LIST

Witness	Proffered By		Description
Direct			
Will Garrett	PEF	WG-1T	Fuel Cost Recovery True-Up (Jan-Dec 2009)
Will Garrett	PEF	WG-2T	Capacity Cost Recovery True-Up (Jan-Dec 2009)
Will Garrett	PEF	WG-3T	Schedules A1 through A3, A6 and A12 for Dec 2009
Marcia Olivier	PEF	MO-1	Estimated/Actual True-up Schedules for period Jan-Dec 2010
Marcia Olivier	PEF	MO-2	Projection factors for January to December 2011
Joseph McCallister	PEF	JM-1T	Summarized Hedging Information (2002-2009)
Joseph McCallister	PEF	JM-1P	2011 Risk Management Plan
Joseph McCallister	PEF	JM-2P	Hedging Report (January-July 2010)
Robert M. Oliver	PEF	RMO-1T	GPIF Reward/Penalty Schedules for 2009.
Robert M. Oliver	PEF	RMO-1P	GPIF Targets/Ranges Schedules (for Jan – Dec. 2011)
Curtis D. Young	FPUC	CDY-1	Schedules M-1, F-1, and M1-B

Witness	Proffered By		Description
Curtis D. Young	FPUC	CDY-2[1]	Schedules E1-A, E1-B, E1-B1
Mark Cutshaw	FPUC	MC-1	Schedule E1, E-A, E2, E7, and E10 (Marianna) and E1, E1-A, E2, E8, and E10 (Fernandina Beach)
H. R. Ball	GULF	HRB-1	Coal Suppliers, Natural Gas Price Variance, Hedging Effectiveness, and Hedging Transactions August 2009 - December 2009
H. R. Ball	GULF	HRB-2	Projected vs. Actual Fuel Cost of Net Generation December 2000 - December 2009
H. R. Ball	GULF	HRB-3	Hedging Information Report January 2010 - July 2010
H. R. Ball	GULF	HRB-4	Risk Management Plan for Fuel Procurement for 2011
R. W. Dodd	GULF	RWD-1	Calculation of Final True-Up and A-Schedules January 2009 - December 2009
R. W. Dodd	GULF	RWD-2	Estimated True-Up January 2010 - December 2010
R. W. Dodd	GULF	RWD-3	Projection January 2011 - December 2011
M.A. Young	GULF	MAY-1	Gulf Power Company GPIF Results January 2009 - December 2009

[1] In the August 2, 2010, Testimony and Exhibits, Mr. Young's Exhibit was misnumbered as Exhibit CDY-1. FPUC would ask that the Prehearing Order reflect that the correct number for Mr. Young's Exhibit submitted on August 2, 2010, is CDY-2.

Witness	Proffered By		Description
M.A. Young	GULF	MAY-2	Gulf Power Company GPIF Targets and Ranges January 2011 - December 2011
Carlos Aldazabal	TECO	CA-1	Fuel Cost Recovery January 2009-December 2009
Carlos Aldazabal	TECO	CA-1	Capacity Cost Recovery January 2009-December 2009
Carlos Aldazabal	TECO	CA-2	Fuel Cost Recovery, Actual/Estimated True-up January 2010–December 2010
Carlos Aldazabal	TECO	CA-2	Capacity Cost Recovery, Actual/Estimated True-up January 2010-December 2010
Carlos Aldazabal	TECO	CA-3	Fuel Cost Recovery, Projected January 2011–December 2011
Carlos Aldazabal	TECO	CA-3	Capacity Cost Recovery, Projected January 2011–December 2011
Carlos Aldazabal	TECO	CA-3	Levelized and Tiered Fuel Rate
Brian S. Buckley	TECO	BSB-1	Generating Performance Incentive Factor Results January 2009 – December 2009
Brian S. Buckley	TECO	BSB-2	Generating Performance Incentive Factor Estimated January 2011 – December 2011
Joann T. Wehle	TECO	JTW-1	2009 Hedging Results Report; Risk Management Report for 2009; 2011 Fuel Procurement and Wholesale Power Purchases Risk Management Plan

Witness	Proffered By		Description
Ronald Mavrides	STAFF	RAM-1	Audit Report – PEF Hedging Activity, 12 Months ended July 31, 2010
Kathy Welch	STAFF	KLW-3	History of Testimony, Kathy L. Welch
Kathy Welch	STAFF	KLW-4	Audit Report – FPUC Fuel Adjustment, 12 Months ended December 31, 2009
Donna Brown	STAFF	DDB-1	Audit Report – Gulf Hedging Activity, 12 Months ended July 31, 2010
Daniel Acheampong	STAFF	DA-1	Audit Report – TECO Hedging Activity, 12 Months ended July 31, 2010

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

As referenced in Section VIII, above, the parties have reached Type A, Type B, or Type C stipulations on the issues described below. *Type A Stipulation* reflects an agreement between all the parties on an issue; *Type B Stipulation* reflects an agreement between the investor-owned utility and staff with all other parties not objecting to the agreement; and *Type C Stipulation* is like a *Type B Stipulation*, but indicates that while Marianna objects to FPUC's purchased power costs, Marianna does not intend to challenge FPUC's fuel charges in this docket. Unless otherwise noted, all stipulations in Section X are *Type B Stipulations*.

Some of the issues described below are either fully or partially stipulated. A fully stipulated issue reflects agreement between all investor-owned utilities with all other parties not objecting to the agreement. A partially stipulated issue reflects agreement between some investor-owned utilities and staff with all other parties not objecting to the agreement; the non-stipulated issues remain in Section VIII above.

ISSUE 3: Has the bankruptcy filing of the Jefferson Smurfit Company had any effect on Florida Public Utilities Company's northeast division fuel factors?

Stipulation: *No. The Jefferson Smurfit (Smurfit-Stone) bankruptcy has no effect on northeast division fuel factors. Because Jefferson Smurfit is a GSLD-1 customer, the* *revenue and expense in its fuel charge are the same. Therefore, the Jefferson Smurfit fuel charge does not affect the calculation of the fuel overrecovery or underrecovery.*

ISSUE 4C: Should the Commission approve Gulf Power Company's fuel clause recovery of the projected costs of landfill gas associated with the Perdido Landfill Gas to Energy Facility for the years 2010 and 2011?

Stipulation: *The cost of landfill gas is appropriate for recovery through the fuel clause. Gulf Power Company may recover the projected costs it will incur for landfill gas associated with the Perdido Landfill Gas to Energy Facility for the years 2010 and 2011. This approval does not address the appropriateness of project costs that would be recovered in base rates.*

ISSUE 4D: Was Gulf Power Company prudent in commencing and continuing litigation against Coalsales II, LLC for breach of contract?

Stipulation: *Gulf is currently involved in litigation with Coalsales II, LLC (Coalsales) concerning Coalsales' default under a coal supply agreement with Gulf Power Company (Gulf). Gulf filed suit against Coalsales in the U.S. District Court for the Northern District of Florida in June 2006. On September 30, 2009, the Court entered an order granting Gulf's motion for partial summary judgment on the issue of liability. The Court ruled that Coalsales breached its coal supply agreement with Gulf. The Court held a bench trial on the sole issue of damages in February 2010.*

Commission audit staff conducted its financial audit of the litigation costs reported by Gulf and confirmed that Gulf properly recorded the costs. For 2006 through 2008, Gulf recovered $519,000 in litigation costs for this suit. For 2009 Gulf recovered $287,000 in litigation costs. These dollar amounts have been included in prior and current year fuel factors. For 2010, Gulf's costs through February 2010 are $112,631. Staff's audit and testimony are filed in this docket.

On September 30, 2010, the Court awarded no damages to Gulf. As of the Prehearing Conference the order finding that Gulf is not entitled to any damages is not final. Commission staff believes that this issue should be considered in a future proceeding, once the Courts order, and any subsequent Court review has been finalized and once staff has conducted additional discovery. The litigation costs should be collected subject to refund based on a later determination by the Commission of this issue.

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2010 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

Stipulation: *PEF: $ 1,618,573.*
GULF: $ 1,603,413.
TECO: $ 2,002,890

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

Stipulation: *PEF: $ 1,053,364.*
GULF: $ 1,017,585.
TECO: $ 2,325,363.

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2009 through December 2009? *

*** Type C Stipulation – FPUC only;** No stipulation at this time with respect to PEF, GULF, or TECO, See Section VIII, above.*

Stipulation: *Northwest Division (Marianna): $1,378,165 (Underecovery)*
Northeast Division (Fernandina Beach): $2,241,870 (Overrecovery)

ISSUE 9: What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010? *

*** Type C Stipulation – FPUC only;** No stipulation at this time with respect to PEF, GULF, or TECO, See Section VIII, above.*

Stipulation: *Northwest Division (Marianna): $84,888 (Underrecovery)*
Northeast Division (Fernandina Beach): $494,751 (Underecovery)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2011 to December 2011? *

*** Type C Stipulation – FPUC only;** No stipulation at this time with respect to PEF, GULF, or TECO, See Section VIII, above.*

Stipulation: *Northwest Division (Marianna): $1,463,053 (Underrecovery)*
Northeast Division (Fernandina Beach): $1,747,119 (Overrecovery)

ISSUE 11: 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 2011 to December 2011?

Stipulation: *1.00072.*

ISSUE 12: 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 2011 to December 2011? *

** **Type C Stipulation – FPUC only;** No stipulation at this time with respect to PEF, GULF, or TECO, See Section VIII, above.*

Stipulation: *Northwest Division (Marianna): $35,363,963.*
Northeast Division (Fernandina Beach): $40,892,517

ISSUE 13: What are the appropriate levelized fuel cost recovery factors for the period January 2011 to December 2011? *

** **Type C Stipulation – FPUC only;** No stipulation at this time with respect to PEF, GULF, or TECO, See Section VIII, above.*

Stipulation: *Northwest Division (Marianna): 7.609¢ /kwh*
Northeast Division (Fernandina Beach): 6.640 ¢ /kwh

ISSUE 14: 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?

Stipulation: *The appropriate line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class are:*

for PEF:

GROUP	DELIVERY/VOLTAGE	LINE LOSS MULTIPLIER
A.	TRANSMISSION	0.9800
B.	DISTRIBUTION PRIMARY	0.9900
C.	DISTRIBUTION SECONDARY	1.0000
D.	LIGHTING SERVICES	1.0000

for FPUC: Northwest Division (Marianna): 1.0000 (All rate schedules)
Northeast Division (Fernandina): 1.0000 (All rate schedules)

for GULF:

GROUP	RATE SCHEDULES*	LINE LOSS MULTIPLIERS
A	RS, RSVP, GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00525921
B	LP, LPT, SBS(2)	0.98890061
C	PX, PXT, RTP, SBS(3)	0.98062822
D	OSI/II	1.00529485
* The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.		

for TECO:

METERING VOLTAGE SCHEDULE	LINE LOSS MULTIPLIER
DISTRIBUTION SECONDARY	1.0000
DISTRIBUTION PRIMARY	0.9900
TRANSMISSION	0.9800
LIGHTING SERVICE	1.0000

ISSUE 15: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses? *

** **Type C Stipulation – FPUC only;** No stipulation at this time with respect to PEF, GULF, or TECO, See Section VIII, above.*

***Stipulation**:* *See tables below.*

Northwest Division

Rate Schedule	*Adjustment*
RS	$0.11925
GS	$0.11560
GSD	$0.10977
GSLD	$0.10586
OL,Ol1	$0.08619
SL1, SL2, and SL3	$0.08566
Step rate for RS	
RS with less than 1,000 kWh/month	$0.11553
RS with more than 1,000 kWh/month	$0.12553

Northeast Division

Rate Schedule	*Adjustment*
RS	$0.10007
GS	$0.09735
GSD	$0.09327
GSLD	$0.09500
OL	$0.07158
SL	$0.07179
Step rate for RS	
RS with less than 1,000 kWh/month	$0.09630
RS with more than 1,000 kWh/month	$0.10630

ISSUE 16: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

Stipulation: *The new fuel and capacity charges should be effective beginning with the first billing cycle for January 2011 through the last billing cycle for December 2011. The first billing cycle may start before January 1, 2011, and the last cycle may end after December 31, 2011, so long as each customer is billed for twelve months regardless of when the charge became effective.*

ISSUE 21: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2009 through December 2009 for each investor-owned electric utility subject to the GPIF?

Stipulation: *PEF: $676,296 penalty.*
GULF: $82,250 reward.
TECO: A reward in the amount of $1,830,855.

ISSUE 22: What should the GPIF targets/ranges be for the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

Stipulation: *PEF: The appropriate targets and ranges are shown on Page 4 of Exhibit RMO-1P filed on September 1, 2010 with the Direct Testimony of Robert M. Oliver.*

GULF: See table below:

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	97.5	0.0	2.5	11,038
Crist 5	81.2	15.9	2.9	11,135
Crist 6	71.8	23.6	4.7	11,121
Crist 7	82.5	8.2	9.3	10,650
Smith 1	88.5	6.3	5.2	10,457
Smith 2	95.4	0.0	4.7	10,426
Daniel 1	94.0	0.0	6.0	10,518
Daniel 2	77.0	17.3	5.8	10,417

EAF = Equivalent Availability Factor (%)
POF = Planned Outage Factor (%)
EUOF = Equivalent Unplanned Outage Factor (%)

TECO: The appropriate targets and ranges are shown in Exhibit No. ____ (BSB-2) to the prefiled testimony of Mr. Brian S. Buckley. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and later modified in 2006 after meeting with Staff and intervening parties at the request of the Commission.

ISSUE 23A: Has Progress Energy Florida, Inc. included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 100009-EI?

Stipulation: *Yes. PEF has included $163,580,660 nuclear cost (or $163,698,438 with revenue tax included) for its 2011 capacity cost recovery as decided by the Commission in Docket No. 100009-EI.*

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2009 through December 2009?

Stipulation: *PEF: $14,181,129 over-recovery.*
GULF: $ 2,618,214 over-recovery.
TECO: $ 21,184 over-recovery.

ISSUE 28: What are the appropriate capacity cost recovery true-up amounts for the period January 2010 through December 2010?

Stipulation: *PEF: $38,129,941 over-recovery.*
GULF: $ 545,466 over-recovery.
TECO: $ 74,275 under-recovery.

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2011 through December 2011? *

** No stipulation at this time with respect to PEF, See Section VIII, above.*

Stipulation: GULF: $ 3,163,680 over-recovery (to be refunded).
TECO: $ 53,091 under-recovery (to be collected).

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 2011 through December 2011? *

* *No stipulation at this time with respect to PEF, See Section VIII, above.*

***Stipulation*:** GULF: $ 45,129,549.
TECO: $ 54,906,841.

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 2011 through December 2011?

***Stipulation*:** *PEF: BASE: 91.089%*
INTERMEDIATE: 58.962%
PEAKING: 91.248%
GULF: 96.44582%
TECO: 96.74819%

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2011 through December 2011? *

* *No stipulation at this time with respect to PEF, See Section VIII, above.*

***Stipulation*:**

GULF: *See table below:*

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RSVP	0.476
GS	0.434
GSD, GSDT, GSTOU	0.376
LP, LPT	0.328
PX, PXT, RTP, SBS	0.292
OS-I/II	0.174
OSIII	0.282

TECO: The appropriate factors for January 2011 through December 2011 are as follows:

Rate Class and Metering Voltage	Capacity Cost Recovery Factor Dollars per kWh	Dollars per kW
RS Secondary	0.336	
GS and TS Secondary	0.294	
GSD, SBF Standard		
Secondary		1.07
Primary		1.06
Transmission		1.05
GSD Optional		
Secondary	0.255	
Primary	0.253	
IS, SBI		
Primary		0.87
Transmission		0.86
LS1 Secondary	0.078	

XI. PENDING MOTIONS

None at this time.

XII. PENDING CONFIDENTIALITY MATTERS

PEF: PEF has the following pending requests for confidential classification:

- May 19, 2008 – 423 Forms for March 2008
- June 20, 2008 – 423 Forms for April 2008
- July 9, 2008 – Response to Staff's Second Request for Production of Documents
- July 17, 2008 – Response to FIPUG's First Set of Interrogatories (1-21)
- July 18, 2008 – 423 Forms for May 2008
- August 4, 2008 – Exhibit MO-1 (Part 2 – capacity cost recovery calculations for 2008, page 2 of 2) to the direct testimony of Marcia Olivier.
- August 15, 2008 – Hedging Report (Information contained in Attachments A & B for the period January – July 2008).
- August 22, 2008 – 423 Forms for June 2008
- August 25, 2008 – Response to Staff's Third Set of Interrogatories (15-19)
- August 29, 2008 - Pages 3, 4 & 5 to the direct testimony of Marcia Olivier, Exhibit MO-2 (Schedule E-12 – capacity costs, Part 3, page 3 of 5) to the direct testimony of Marcia Olivier, Exhibit JM-1P (Page 1-2 and Attachments

A-H) and Exhibit JM-2P to the direct testimony of Joseph McCallister.

- September 24, 2008 – 423 Forms for July 2008
- October 15, 2008 – Responses to Staff's 5th Set of Interrogatories (Q. 51)
- October 16, 2008 – Responses to Staff's 3rd Request for Production of Documents (Q. 13-17)
- October 20, 2008 – Responses to Staff's 6th Set of Interrogatories (53-87)
- October 30, 2008 – 423 Forms for August 2008
- November 24, 2008 – 423 Forms for September 2008
- December 24, 2008 – 423 Forms for October 2008
- January 28, 2009 – 423 Forms for November 2008
- February 9, 2009 – 423 Forms for December 2008
- March 9, 2009 – Exhibit WG-3T, Schedule A12 to the direct testimony of Will Garrett.
- March 13, 2009 - 423 Forms for January 2009
- March 30, 2009 – Responses to Staff's First Request for Production of Documents (1-8)
- April 3, 2009 – Exhibit JM-1T (2002 – 2008 Hedging information) to the direct testimony of Joseph McCallister.
- April 16, 2009 - 423 Forms for February 2009
- April 30, 2009 - 423 Forms for March 2009
- May 26, 2009 - 423 Forms for April 2009
- July 6, 2009 - 423 Forms for May 2009
- July 31, 2009 - 423 Forms for June 2009
- August 4, 2009 – Exhibit MO-1, Schedule E12, Part 2 to the direct testimony of Marcia Olivier and portions of the 2010 Risk Management Plan.
- August 14, 2000 – Hedging Report (Jan. – July 2009), Attachments A and B.
- September 2, 2009 - 423 Forms for July 2009
- September 14, 2009 – Exhibit MO-2, Schedule E12, Part 3 to the projection testimony of Marcia Olivier.
- September 15, 2009 – Response to Staff's Third Set of Interrogatories (22-25).
- October 7, 2009 – Responses to Staff's 4th Set of Interrogatories (26-35)
- October 12, 2009 – 423 Forms for August 2009
- November 6, 2009 – 423 Forms for September 2009
- December 4, 2009 – 423 Forms for October 2009
- January 13, 2010 – 423 Forms for November 2009
- January 28, 2010 – 423 Forms for December 2009
- February 25, 2010 – 423 Forms for January 2010
- March 22, 2010 – Responses to Staff's 1st Set of Interrogatories (1-14) & Staff's 1st Request for Production of Documents (1-16).
- March 30, 2010 – 423 Forms for February 2010
- April 1, 2010 – Exhibit JM-1T to the direct testimony of Joe McCallister (Hedging savings/costs for 2009).

- April 22, 2010 – 423 Forms for March 2010
- May 24, 2010 – 423 Forms for April 2010
- June 30, 2010 – 423 Forms for May 2010
- August 2, 2010 – Exhibit MO-1 to the direct testimony of Marcia Olivier & portions of 2011 Risk Management Plan (Exh. JM-1P) (Pgs. 1-3, Attachments A, B, C, E & F).
- August 10, 2010 – 423 Forms for June 2010
- August 16, 2010 – Hedging Report (January – July 2010) (Exh. JM-2P).
- September 1, 2010 – 423 Forms for July 2010
- September 1, 2010 – Exhibit MO-2 to direct testimony of Marcia Olivier.
- September 20, 2010 – Responses to Staff's 5th Set of Interrogatories (45-62).
- September 30, 2010 – Responses to Staff's 6th Set of Interrogatories (63-72).
- October 5, 2010 – 423 Forms for August 2010

FPUC: FPUC has three pending requests for confidentiality filed on September 1, 2010, September 27, 2010, and one submitted today, October 11, 2010.

GULF: 1. Renewed request for confidentiality filed May 14, 2010, relating to items 9 and 10 of Staff's Second Request for Production (DN 06641-08).

2. Requests for confidentiality filed October 23, 2009, relating to documents and workpapers in connection with the Hedging Information Report audit (DN 10320-09 and 10847-09).

3. Request for confidentiality filed October 15, 2009, relating to No. 7B of Gulf's responses to Staff's Second Request for Production of Documents (DN 10625-09).

4. Request for confidentiality filed March 22, 2010, relating to Gulf's responses to Staff's First Request for Production of Documents (DN 01984-10).

5. Request for confidentiality filed March 22, 2010, relating to Gulf's responses to Staff's First Set of Interrogatories (DN 01992-10).

6. Request for confidentiality filed August 2, 2010, relating to Schedule CCE-4 of Exhibit RWD-2 to the direct testimony of R. W. Dodd (DN 06264-10).

7. Request for confidentiality filed August 2, 2010, relating to Gulf Power's Risk Management Plan for Fuel Procurement for 2011 (DN 06265-10).

8. Request for confidentiality filed August 5, 2010, relating to Gulf's Form 423 for May, 2010 (DN 06446-10).

9. Request for confidentiality filed August 17, 2010, relating to Gulf's Hedging Information Report (DN 06782-10).

10. Request for confidentiality filed August 23, 2010, relating to Gulf's Form 423 for June, 2010 (DN 06961-10).

11. Request for confidentiality filed September 1, 2010, relating to Schedule CCE-4 of Exhibit RWD-3 to the direct testimony of R. W. Dodd (DN 07345-10).

12. Request for confidentiality filed September 30, 2010, relating to Gulf's responses to Staff's Fourth Set of Interrogatories (DN 08181-10).

13. Request for confidentiality filed September 28, 2010, relating to Gulf's Form 423 for July, 2010 (DN 08112-10).

TECO: Tampa Electric has pending several requests for confidential treatment of information relating to hedging practices, risk management strategies and fuel and fuel transportation contract matters.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed five minutes per party. However, if FIPUG's opening statement exceeds five minutes, PEF will be afforded that additional amount of time to its opening statement.

To the extent that it interferes with Counsel's participation at this hearing, Counsel for the Office of the Attorney General may be excused for a jury trial currently scheduled for November 1, 2010, in Federal District Court.

Counsel for the Florida Retail Federation and City of Marianna, Florida may be excused from the hearing.

It is therefore,

ORDERED by Commissioner Nathan A. Skop, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Nathan A. Skop, as Prehearing Officer, this 29th day of October, 2010.

NATHAN A. SKOP
Commissioner and Prehearing Officer

(S E A L)

LCB

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.