

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 120001-EI

DATED: October 8, 2012

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COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-12-0061-PCO-EI, filed February 10, 2012, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

<u>Witness</u>	<u>Subject</u>
Jocelyn Y. Stephens	PSC Staff's Hedging Activities Audit (PEF)
Donna D. Brown	PSC Staff's Hedging Activities Audit (Gulf)
Kathy L. Welch	History of Testimony
	PSC Staff's Audit Report (FPUC)
Ronald A. Mavrides	PSC Staff's Hedging Activities Audit (TECO)
Yen Ngo	PSC Staff's Hedging Activities Audit (FPL)

b. All Known Exhibits

<u>Exhibit</u>	<u>Title</u>
JYS-1	Audit Report – PEF Hedging Activities, August 1, 2011 through July 31, 2012
DDB-1	Audit Report – Gulf Hedging Activities, August 1, 2011 through July 31, 2012
KLW-1	History of Testimony, Kathy L. Welch
KLW-2	Audit Report – FPUC Audit Report, January 1, through December 31, 2011

DOCUMENT NUMBER-DATE

06865 OCT-8 2012

FPSC-COMMISSION CLERK

<u>Exhibit</u>	<u>Title</u>
RAM-1	Audit Report – TECO Hedging Activities, August 1, 2011 through July 31, 2012
YN-1	Audit Report – FPL Hedging Activities, August 1, 2011 through July 31, 2012

c. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d. Staff's Position on the Issues

**I. FUEL ISSUES**

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**Progress Energy Florida, Inc.**

**ISSUE 1A:** Should the Commission approve as prudent, PEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in PEF's April 2012 and August 2012 hedging reports?

**POSITION:** Staff has no position at this time.

**ISSUE 1B:** Should the Commission approve PEF's 2013 Risk Management Plan?

**POSITION:** Staff has no position at this time.

**ISSUE 1C:** Has PEF correctly reflected the \$129 million refund pursuant to the Settlement approved in Order No. PSC-12-0104-FOF-EI in the calculation of the 2013 fuel factor?

**POSITION:** Staff has no position at this time.

**Florida Power & Light Company**

**ISSUE 2A:** Should the Commission approve as prudent, FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in FPL's April 2012 and August 2012 hedging reports?

**POSITION:** Staff has no position at this time.

**ISSUE 2B:** Should the Commission approve FPL's 2013 Risk Management Plan?

**POSITION:** Staff has no position at this time.

**ISSUE 2C:** Should FPL's fuel factors for the new RTR-1 rider be approved?

**POSITION:** Staff has no position at this time.

**Florida Public Utilities Company**

**ISSUE 3A:** Is FPUC's proposed method to allocate demand costs to the rate classes appropriate?

**POSITION:** Staff has no position at this time.

**ISSUE 3B:** Should FPUC be allowed to recover through the Fuel Clause the legal and consulting fees incurred in developing the Company's Time of Use and Interruptible Rates for its Northwest Division?

**POSITION:** Staff has no position at this time.

**Gulf Power Company**

**ISSUE 4A:** Should the Commission approve as prudent, GULF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in GULF's April 2012 and August 2012 hedging reports?

**POSITION:** Staff has no position at this time.

**ISSUE 4B:** Should the Commission approve Gulf's 2013 Risk Management Plan?

**POSITION:** Staff has no position at this time.

**Tampa Electric Company**

**ISSUE 5A:** Should the Commission approve as prudent, TECO's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in TECO's April 2012 and August 2012 hedging reports?

**POSITION:** Staff has no position at this time.

**ISSUE 5B:** Should the Commission approve TECO's 2013 Risk Management Plan?

**POSITION:** Staff has no position at this time.

#### **GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2012 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**POSITION:** Staff has no position at this time.

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2013 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**POSITION:** Staff has no position at this time.

**ISSUE 8:** What are the appropriate fuel adjustment true-up amounts for the period January 2011 through December 2011?

**POSITION:** Staff has no position at this time.

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2012 through December 2012?

**POSITION:** Staff has no position at this time.

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2013 to December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

#### **COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR 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 12A, 12B, 12C, and so forth, as appropriate.

**Florida Power & Light Company**

No company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 13A, 13B, 13C, and so forth, as appropriate.

**Gulf Power Company**

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 14A, 14B, 14C, and so forth, as appropriate.

**Tampa Electric Company**

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 15A, 15B, 15C, and so forth, as appropriate.

**GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**ISSUE 16:** What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

**POSITION:** Staff has no position at this time.

**ISSUE 17:** What should the GPIF targets/ranges be for the period January 2013 through December 2013 for each investor-owned electric utility subject to the GPIF?

**POSITION:** Staff has no position at this time.

**FUEL FACTOR CALCULATION ISSUES**

**ISSUE 18:** What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 19:** What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 21:** What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has no position at this time.

## **II. CAPACITY ISSUES**

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

#### **Progress Energy Florida, Inc.**

**ISSUE 23A:** What is the amount to be included in the Capacity Cost Recovery Clause, for PEF's 2013 nuclear cost recovery?

**Staff Position:** For the Crystal River 3 Uprate project, the amount to be included is that which is approved, if any, by the Commission at its November 20, 2012 Agenda Conference. For the Levy Nuclear Project, the amount will be a function of the rates approved for collection in PEF's Settlement Agreement consistent with page 147 of Order No. PSC-12-0104-FOF-EI. After the Commission votes on November 20, 2012, PEF will submit to the Commission, with copies to all parties, its revised schedules showing the calculation of the 2013 capacity cost recovery factors. Commission staff is granted administrative authority to verify that the schedules are consistent with the Commission's vote on November 20, 2012 and Order No. PSC-12-0104-FOF-EI as described above.

**ISSUE 24A:** What is the amount to be included in the Capacity Cost Recovery Clause, for FPL's 2013 nuclear cost recovery?

**Staff Position:** The amount to be included is that which is approved, if any, by the Commission at its November 20, 2012 Agenda Conference. After the Commission votes on November 20, 2012, FPL will submit to the Commission, with copies to all parties, its revised schedules showing the calculation of the 2013 capacity cost recovery factors. Commission staff is granted administrative authority to verify that the schedules are consistent with the Commission's vote on November 20, 2012. (FPL agrees, (Keith))

**ISSUE 24B:** Should an adjustment be made to transfer incremental security costs from the Capacity Cost Recovery Clause to base rates?

**POSITION:** Staff has no position at this time.

**ISSUE 24C:** If the Commission approves the Proposed Settlement Agreement, what amount should be included in the capacity cost recovery clause for recovery of jurisdictional non-fuel revenue requirements associated with West County Energy Center Unit 3 (WCEC-3) for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 24D:** Should FPL be permitted to recover incremental Fukushima compliance costs incurred after January 1, 2013 through the Capacity Cost Recovery Clause?

**POSITION:** Staff has no position at this time.

**ISSUE 24E:** If the Commission approves the Proposed FPL Rate Case Settlement Agreement that was filed in Docket No. 120015-EI on August 15, 2012 (the "Proposed Settlement Agreement"), should the Commission approve FPL's proposed GBRA factor of 3.527 percent for the Canaveral Modernization Project?

**POSITION:** Staff has no position at this time.

#### **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 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:** What are the appropriate capacity cost recovery true-up amounts for the period January 2011 through December 2011?

**POSITION:** Staff has no position at this time.

**ISSUE 28:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2012 through December 2012?

**POSITION:** Staff has no position at this time.

**ISSUE 29:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 31:** What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 32:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2013 through December 2013?

**POSITION:** Staff has no position at this time.

### **III. EFFECTIVE DATE**

**ISSUE 34:** What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?

**POSITION:** Staff has no position at this time.

e. **Stipulated Issues**

There are no stipulated issues at this time

f. **Pending Motions**

Staff has no pending motions at this time.

g. **Pending Confidentiality Claims or Requests**

Staff has no pending requests for confidentiality at this time.

h. **Objections to Witness Qualifications as an Expert**

Staff has no objections to any witness' qualifications at this time.



i. Compliance with Order No. PSC-12-0061-PCO-EI

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

Respectfully submitted this 8th day of October, 2012.



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DATED: October 8, 2012

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of STAFF'S PREHEARING STATEMENT has been filed with Office of Commission Clerk and one copy has been furnished to the following by electronic and U.S. Mail, on this 8th day of October, 2012:

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