

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 140001-EI

DATED: September 26, 2014

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-14-0084-PCO-EI, filed February 4, 2014, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

<u>Witness</u>	<u>Subject</u>
Simon O. Ojada	Duke Energy Florida's (DEF) Hedging Activities
Iliana H. Piedra	Florida Power & Light Company's (FPL) Hedging Activities
Debra M. Dobiac	Gulf Power Company's (Gulf) Hedging Activities
Intesar Terkawi	Tampa Electric Company's (TECO) Hedging Activities

2. All Known Exhibits

<u>Exhibit</u>	<u>Title</u>
SOO-1	Commission Staff's Auditor Report for DEF Hedging Activities Twelve Months Ended July 31, 2014
IHP-1	Commission Staff's Auditor Report for FPL Hedging Activities Twelve Months Ended July 31, 2014
DD-1	Commission Staff's Auditor Report for Gulf Hedging Activities Twelve Months Ended July 31, 2014
IT-1	Commission Staff's Auditor Report for TECO Hedging Activities Twelve Months Ended July 31, 2014

3. 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.

4. Staff's Position on the Issues

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Duke Energy Florida, Inc.

ISSUE 1A: Should the Commission approve as prudent DEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in DEF's April 2014 and August 2014 hedging reports?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 1B: Should the Commission approve DEF's 2015 Risk Management Plan?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 1C: Has Duke made appropriate adjustments, if any are needed, to account for replacement power costs associated with April 2014 forced outage (transformer fire) at the Bartow Unit? If appropriate adjustments are needed and have not been made, what adjustment(s) should be made?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 2014 and August 2014 hedging reports?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 2B: Should the Commission approve FPL's 2015 Risk Management Plan?

POSITION: Staff has no position pending evidence adduced at the hearing.

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ISSUE 2C: What is the total gain in 2013 under the Incentive Mechanism approved in Order No. PSC-13-0023-S-EI, and how is that gain to be shared between FPL and customers?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 2D: What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 2E: What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours?

POSITION: Staff has no position pending evidence adduced at the hearing.

Florida Public Utilities Company (FPUC)

ISSUE 3A: Should the Commission approve consolidation of the fuel factors for FPUC's Northeast and Northwest Divisions for purposes of fuel cost recovery beginning in 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 3B: If consolidation of fuel factors for FPUC's Northeast and Northwest Divisions is not approved, should FPUC be allowed to continue to allocate transmission costs consistent with the methodology approved by Order No. PSC-13-0665-FOF-EI?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 3C: Should the Commission approve FPUC's proposal to under-recover fuel costs in 2015 in order to mitigate rate increases to customers?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 3D: If the Commission approves FPUC's request in Docket No. 140025-EI to consolidate the Company's current outdoor lighting (OL-2) and street lighting (SL-3) rate classes into a single Lighting Service (LS) rate class, what is the appropriate consolidated fuel rate for the new LS rate class?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 2014 and August 2014 hedging reports?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 4B: Should the Commission approve Gulf's 2015 Risk Management Plan?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 4C: Should the Commission approve the amended and restated contract between Gulf Power Company and Bay County, Florida, for purchase of the entire generation of the Bay County Resource Recovery Facility by Gulf?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 2014 and August 2014 hedging reports?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 5B: Should the Commission approve TECO's 2015 Risk Management Plan?

POSITION: Staff has no position pending evidence adduced at the hearing.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2014 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2015 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 8: What are the appropriate final fuel adjustment true-up amounts for the period January 2013 through December 2013?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2014 through December 2014?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2015 to December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Duke Energy Florida, Inc.

No company-specific issues for Duke Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 12A, 12B, 12C, and so forth, as appropriate.

Florida Power & Light Company

No company-specific 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 2013 through December 2013 for each investor-owned electric utility subject to the GPIF?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 17: What should the GPIF targets/ranges be for the period January 2015 through December 2015 for each investor-owned electric utility subject to the GPIF?

POSITION:

Company	Reward (Penalty)
FPL	\$ 11,814,923
DEF	\$ 2,231,853
GULF	\$ 2,523,938
TECO	\$ 1,689,728

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 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 pending evidence adduced at the hearing.

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 pending evidence adduced at the hearing.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, Inc.

ISSUE 23: Has DEF included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 140009-EI?

POSITION: Staff has no position pending evidence adduced at the hearing.

Florida Power & Light Company

ISSUE 24A: Has FPL included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 140009-EI?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 24B: What are the appropriate 2015 projected non-fuel revenue requirements for West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 final true-up amounts for the period January 2013 through December 2013?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2014 through December 2014?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2015 through December 2015?

POSITION: Staff has no position pending evidence adduced at the hearing.

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 pending evidence adduced at the hearing.

ISSUE 35: Should this docket be closed?

POSITION: Staff has no position pending evidence adduced at the hearing.

5. Stipulated Issues

There are no stipulated issues at this time.

6. Pending Motions

Staff has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

Staff has no pending confidentiality claims or requests at this time.

8. Objections to Witness Qualifications as an Expert

Staff has no objection to witnesses' qualifications as experts.

9. Compliance with Order No. PSC-14-0084-PCO-EI

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

Respectfully submitted this 26th day of September, 2014.

/s/ Martha F. Barrera

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DATED: September 26, 2014

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with Office of Commission Clerk and one copy has been furnished to the following by electronic mail, on this 26th day of September, 2014:

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