

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Fuel and purchased power cost recovery
Clause with generating performance
Incentive factor.

Docket No. 140001-EI

Filed: September 26, 2014

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-14-0439-PCO-EI, files its Prehearing Statement.

A. APPEARANCES:

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B. WITNESSES AND EXHIBITS:

Jeff Pollock

Exhibit JP-1: FPL Base Production Cost/Benefit Analysis with Escalated
Production and Transportation Costs

Exhibit JP-2: FPL Comparison of Projected Natural Gas Prices

Exhibit JP-3: FPL Base Production Cost/Benefit Analysis Gas Price Forecast

Exhibit JP-4: NorthWestern Energy Press Release

C. STATEMENT OF BASIC POSITION:

FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies or relief sought in this proceeding.

FIPUG opposes FPL's efforts to have ratepayers fund oil and gas exploration and production ventures in Oklahoma. FPL's proposal places the risk of future natural gas market prices squarely on the backs of ratepayers. Ironically, FPL has avoided this very same risk for years, as fuel costs are passed through annually to ratepayers in this proceeding. FPL's ratepayers do not want to accept this natural gas fuel cost risk, and it should not be forced upon them. As this issue is presently scheduled to be considered in December, FIPUG reserves the right to support its statement of position after further discovery is conducted.

D. STATEMENT OF ISSUES AND POSITIONS:

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?

FIPUG: Duke must meet its burden of proof.

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

FIPUG: Duke must meet its burden of proof.

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?

FIPUG: Replacement power costs associated with the Bartow transformer fire (April 2014) should not be paid for by ratepayers.

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?

FIPUG: FPL must meet its burden of proof.

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

FIPUG: FPL must meet its burden of proof.

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? *FPL*

FIPUG: FPL must meet its burden of proof.

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?

FIPUG: FPL must meet its burden of proof.

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?

FIPUG: FPL must meet its burden of proof.

Florida Public Utilities Company

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

FIPUG: No position.

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

FIPUG: No position.

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

FIPUG: No position.

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?

FIPUG: No position.

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?

FIPUG: Gulf must meet its burden of proof.

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

FIPUG: Gulf must meet its burden of proof.

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

FIPUG: Gulf must meet its burden of proof.

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?

FIPUG: TECO must meet its burden of proof.

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

FIPUG: TECO must meet its burden of proof.

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?

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: No monies related to FPL's proposed oil and gas exploration and production venture should be recovered in this proceeding. The burden of proof must be met on this issue.

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

FIPUG: No monies related to FPL's proposed oil and gas exploration and production venture should be recovered in this proceeding. The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, Inc.

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

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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?

FIPUG: The burden of proof must be met on this issue.

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

FIPUG: The burden of proof must be met on this issue.

III. EFFECTIVE DATE

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

FIPUG: The burden of proof must be met on this issue.

ISSUE 35: Should this docket be closed?

FIPUG: No position at this time.

E. STIPULATED ISSUES:

None at this time.

F. PENDING MOTIONS:

None.

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

None.

H. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

Yes, unless the witness in question affirmatively states the subject matter area(s) in which he or she claims expertise.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Industrial Power Users Group cannot comply at this time.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of The Florida Industrial Power Users Group's Prehearing Statement has been furnished by Electronic Mail this 26th day of September, 2014, to the following:

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