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October 6, 2022

BY E-PORTAL

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Docket No. 20220001-EI: Fuel and Purchased Power Cost Recovery Clause with
Generating Performance Incentive Factor**

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket, please find the Florida Public Utilities Company's Prehearing Statement.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK
cc://(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20220001-EI

DATED: October 6, 2022

**FLORIDA PUBLIC UTILITIES COMPANY'S
PREHEARING STATEMENT**

In accordance with the Order Establishing Procedure for this Docket, Order No. PSC-2022-0052-PCO-EI, issued February 7, 2022, Florida Public Utilities Company ("FPUC," or "Company") hereby files its Prehearing Statement.

A. APPEARANCES

Beth Keating
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215 South Monroe St., Suite 601
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(850) 521-1706
On behalf of Florida Public Utilities Company

B. WITNESSES AND EXHIBITS

i. All Known Witnesses

<u>Witness</u>	<u>Subject</u>	<u>Issue</u>
Curtis D. Young	Final True Up 2021	7
Curtis D. Young	Estimated/Actual ¹ 2022	8
Michelle Napier	Projection for 2023	9, 10, 16, 17, 18, 19, 20, 31, 32, 33
P. Mark Cutshaw	Special Projects	9, 10

¹ As amended August 5, 2022.

ii. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>	<u>Issue</u>
Young	CDY-1	Final True Up Schedules (Schedules A, C1 and E1- B for FPUC's Divisions)	7
Young	CDY-2	Estimated/Actual (Schedules E1-A, E1-B, and E1- B1) ²	8
Napier	MDN-1	Schedules E1, E1A, E2, E7, E8, E10 and Schedule A	9, 10, 16, 17, 18, 19, 20, 31, 32, 33

C. STATEMENT OF BASIC POSITION

FPUC's Statement of Basic Position

FPUC: The Commission should approve Florida Public Utilities Company's final net true-up for the period January through December 2021, the estimated true-up for the period January through December, 2022, and the purchase power cost recovery factors for the period January through December, 2023, until subsequently revised by the Commission. In approving the under-recovery and calculation of the appropriate factors, the Commission should approve FPUC's proposal to extend recovery of the under-recovery over the next three-year period in order to mitigate the impact on FPUC's customers.

D. FPUC's POSITION ON THE ISSUES

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Duke Energy Florida, LLC.

ISSUE 1A: Should the Commission approve DEF's 2023 Risk Management Plan?

FPUC's Position: No position.

² As amended August 5, 2022.

ISSUE 1B: What is the appropriate subscription bill credit associated with DEF's Clean Energy Connection Program, approved by Order No. PSC-2021-0059-S-EI, to be included for recovery in 2023?

FPUC's Position: No position.

ISSUE 1C: Has DEF made appropriate adjustments, if any are needed, to account for replacement power costs associated with the January 2021 to April 2021 outage in Bartow CC Unit 4A and/or the May 2021 to July 2021 outage in Bartow CC Unit 4C? If appropriate adjustments are needed and have not been made, what adjustments should be performed?

FPUC's Position: No position.

ISSUE 1D: What is the impact on this docket, if a decision is issued in Case SC20-1601 before January 1, 2023?

FPUC's Position: No position.

ISSUE 1E: What is the impact on this docket, if a decision is issued in Case SC22-94 before January 1, 2023?

FPUC's Position: No position.

ISSUE 1F: If the decision in Case SC22-94 requires the return of replacement power costs to customers, what interest amount should be applied?

FPUC's Position: No position.

ISSUE 1G: Has DEF made appropriate adjustments, if any are needed, to account for replacement power costs associated with the March 2022 outage at Hines Unit 4? If appropriate adjustments are needed and have not been made, what adjustments should be performed?

FPUC's Position: No position.

Florida Power & Light Company

ISSUE 2A: What was the total gain under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL may recover for the period January 2021 through December 2021, and how should that gain to be shared between FPL and customers?

FPUC's Position: No position.

ISSUE 2B: What is the appropriate amount of Incremental Optimization Costs under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2021 through December 2021?

FPUC's Position: No position.

ISSUE 2C: What is the appropriate amount of Variable Power Plant O&M Attributable to Off-System Sales under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2021 through December 2021?

FPUC's Position: No position.

ISSUE 2D: What is the appropriate amount of Variable Power Plant O&M Avoided due to Economy Purchases under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2021 through December 2021?

FPUC's Position: No position.

ISSUE 2E: What is the appropriate subscription credit associated with FPL's SolarTogether Program approved by Order No. PSC-2020-0084-S-EI, to be included for recovery in 2023?

FPUC's Position: No position.

ISSUE 2F: Should the Commission approve FPL's 2023 Risk Management Plan?

FPUC's Position: No position.

ISSUE 2G: What is the proper methodology for FPL to calculate replacement power costs associated with an unplanned outage?

FPUC's Position: No position.

ISSUE 2H: Were FPL's actions, or failures to act, that resulted in unplanned outages that occurred during 2020 prudent? If not, what adjustments should be made?

FPUC's Position: No position.

ISSUE 2I: Were FPL's actions, or failures to act, that resulted in unplanned outages that occurred during 2021 prudent? If not, what adjustments should be made?

FPUC's Position: No position.

ISSUE 2J: Were FPL's actions, or failures to act, that resulted in unplanned outages that occurred during 2022 prudent? If not, what adjustments should be made?

FPUC's Position: No position.

Florida Public Utilities Company

No Company-Specific Issues identified for FPUC.

Tampa Electric Company

ISSUE 4A: What was the total gain under TECO's Optimization Mechanism approved by Order No. PSC-2017-0456-S-EI that TECO may recover for the period January 2021 through December 2021, and how should that gain to be shared between TECO and customers?

FPUC's Position: No position.

ISSUE 4B: Should the Commission approve TECO's 2023 Risk Management Plan?

FPUC's Position: No position.

ISSUE 4C: Has TECO made appropriate adjustments, if any are needed, to account for replacement power costs associated with any outages that occurred during 2021 and 2022? If appropriate adjustments are needed and have not been made, what adjustments should be performed?

FPUC's Position: No position.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 5: What are the appropriate actual benchmark levels for calendar year 2022 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position.

ISSUE 6: What are the appropriate estimated benchmark levels for calendar year 2023 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position.

ISSUE 7: What are the appropriate final fuel adjustment true-up amounts for the period January 2021 through December 2021?

FPUC's Position: The Company's final, year-end 2021 under-recovery was \$3,790,314, as compared to the projected over-recovery of \$2,257,470, which resulted in a total under-recovery of \$6,047,784 (which also included amounts applied to the Company's Fuel and Purchased Cost Recovery balance as a result of settlements approved by the Commission in Dockets Nos. 20180048-EI and 20190156-EI). Given the magnitude of the impact, FPUC only requested a mid-course adjustment to recover the \$3,790,314 for the end of period 2021 under-recovery, which the Commission approved.³ However, even with the mid-course correction applied, the Company will not fully recover the full Final 2021 True Up amount; thus the remainder has been applied to the projected total under recovery for 2022.

³ See Order No. PSC-2022-0280-PCO-EI, issued July 20, 2022, in Docket No. 20220001-EI.

ISSUE 8: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2022 through December 2022?

FPUC's Position: The Company projects a consolidated under-recovery of \$15,143,447.

ISSUE 9: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2023 through December 2023?

FPUC's Position: The total true-up amounts that would, under normal circumstances, be appropriate for recovery in the 2023 period is an under-recovery of \$21,191,231. FPUC's electric customers are already experiencing the bill impacts derived from the midcourse fuel rates that were effective as of August 1. Based on these events, FPUC is requesting approval to collect its 2022 under-recovery balance, \$21,191,231 over the next three years and thereby include approximately \$7,063,744 of that amount in its 2023 electric fuel rate calculations, along with the appropriate carrying charge.

ISSUE 10: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2023 through December 2023?

FPUC's Position: The appropriate projected total fuel and purchased power cost recovery amount for the period January 2023 through December 2023 is \$68,427,727. (*Napier, Cutshaw*)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Duke Energy Florida, LLC.

No company-specific GPIF issues for Duke Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 11A, 11B, 11C, and so forth, as appropriate.

Florida Power & Light Company

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

Tampa Electric Company

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

GENERIC GPIF ISSUES

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period January 2021 through December 2021 for each investor-owned electric utility subject to the GPIF?

FPUC's Position: No position.

ISSUE 15: What should the GPIF targets/ranges be for the period January 2023 through December 2023 for each investor-owned electric utility subject to the GPIF?

FPUC's Position: No position.

FUEL FACTOR CALCULATION ISSUES

ISSUE 16: 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 2023 through December 2023?

FPUC's Position: 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 2023 through December 2023 is \$75,491,471, which includes prior period true-ups. *(Napier)*

ISSUE 17: 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 2023 through December 2023?

FPUC's Position: The appropriate tax revenue factor is 1.00072. *(Napier)*

ISSUE 18: What are the appropriate levelized fuel cost recovery factors for the period January 2023 through December 2023?

FPUC's Position: The appropriate factor is 8.976¢ per kWh. *(Napier)*

ISSUE 19: 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?

FPUC's Position: The appropriate line loss multiplier is 1.0000. (*Napier*)

ISSUE 20: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

FPUC's Position: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2023 through December 2023 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.11753
GS	\$0.11797
GSD	\$0.11201
GSLD	\$0.10937
LS	\$0.09355
<u>Step rate for RS</u>	
RS Sales	\$0.11753
RS with less than 1,000 kWh/month	\$0.11396
RS with more than 1,000 kWh/month	\$0.12646

Consistent with the fuel projections for the 2023 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2023 period are:

Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.19796	\$0.07496

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
GS	\$0.15797	\$0.06797
GSD	\$0.15201	\$0.07951
GSLD	\$0.16937	\$0.07937
Interruptible	\$0.09437	\$0.10937

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, LLC.

ISSUE 21A: What is the appropriate amount of costs for the Independent Spent Fuel Storage Installation (ISFSI) that DEF should be allowed to recover through the capacity cost recovery clause pursuant to DEF’s 2017 Settlement?

FPUC's Position: No position.

ISSUE 21B: What adjustment amounts should the Commission approve to be refunded through the capacity clause associated with the Duette SoBRA III project in Docket No. 20200245-EI?

FPUC's Position: No position.

ISSUE 21C: What DOE Settlement Spent Fuel Claim amount should the Commission approve to be recovered through the capacity clause?

FPUC's Position: No position.

Florida Power & Light Company

No company-specific capacity cost recovery factor issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they will be numbered 22A, 22B, 22C, and so forth, as appropriate.

Gulf Power Company

Any company-specific capacity issues for Gulf Power Company will be addressed under Florida Power & Light Company above.

Tampa Electric Company

No company-specific capacity cost recovery factor issues for Tampa Electric Company have been identified at this time. If such issues are identified, they will be numbered 23A, 23B, 23C, and so forth, as appropriate.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 24: What are the appropriate final capacity cost recovery true-up amounts for the period January 2021 through December 2021?

FPUC's Position: No position.

ISSUE 25: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2022 through December 2022?

FPUC's Position: No position.

ISSUE 26: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2023 through December 2023?

FPUC's Position: No position.

ISSUE 27: What are the appropriate projected total capacity cost recovery amounts for the period January 2023 through December 2023?

FPUC's Position: No position.

ISSUE 28: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2023 through December 2023?

FPUC's Position: No position.

ISSUE 29: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2023 through December 2022?

FPUC's Position: No position.

ISSUE 30: What are the appropriate capacity cost recovery factors for the period January 2023 through December 2023?

FPUC's Position: No position.

III. EFFECTIVE DATE

ISSUE 31: What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?

FPUC's Position: The effective date for FPUC's cost recovery factors should be the first billing cycle for January 1, 2023, which could include some consumption from the prior month. Thereafter, customers should be billed the approved factors for a full 12 months, unless the factors are otherwise modified by the Commission. (*Napier*)

ISSUE 32: Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding?

FPUC's Position: Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (*Napier*)

IV. MISCELLANEOUS ISSUES

ISSUE 33: Should this docket be closed?

FPUC's Position: This is a continuing docket and should remain open.

CONTESTED ISSUES

OPC ISSUE C: Has FPL imprudently taken, or failed to prudently take, actions or made or failed to prudently make, decisions at or affecting the Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2, such that replacement power costs have been incurred as they affect the fuel factor for 2020, 2021, 2022 and projections for 2023? If so, what adjustments should be made?

FPUC's Position: No position.

OPC ISSUE E: Should the Commission establish a spin-off docket to investigate FPL's nuclear operations and its impact on historical, ongoing, and future fuel costs?

FPUC's Position: No position.

OPC ISSUE F: Has FPL appropriately accounted for any redispach related to its operation of the North Florida Resilience Connection (NFRC) in its 2022 estimate and 2023 projections of fuel costs? If not, what adjustments, if any, should be made?

FPUC's Position: No position.

V. OTHER

e. Stipulated Issues

While not a party to stipulations at this time, other than Issue 33, FPUC believes that it should be possible to reach a stipulation on each of the issues as they pertain to FPUC.

f. Pending Motions

FPUC has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

FPUC has no pending requests for confidential classification.

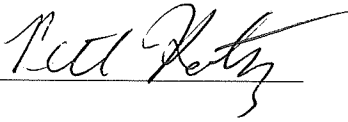
h. Objections to Witness Qualifications as an Expert

FPUC has no objections to any witnesses' qualifications at this time.

i. Compliance with Order No. PSC-2022-0052-PCO-EI

FPUC has complied with all requirements of the Order Establishing Procedure entered in this docket, as well as the subsequent orders issued modifying that Order.

RESPECTFULLY SUBMITTED this 6th day of October, 2022.

BY: 

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 6th day of October, 2022:

<p>Suzanne Brownless Ryan Sandy Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us rsandy@psc.state.fl.us</p>	<p>J. Jeffrey Wahlen/Malcolm Means/Virginia Ponder Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com yponder@ausley.com</p>
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<p>Ms. Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601-0111 Regdept@tecoenergy.com</p>	<p>Florida Industrial Users Power Group Jon C. Moyle, Jr. Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p>

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