

**BEFORE THE PUBLIC SERVICE COMMISSION**

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 20230001-EI
	DATED: October 6, 2023

**DUKE ENERGY FLORIDA, LLC’S  
PREHEARING STATEMENT**

Pursuant to the Order Establishing Procedure No. PSC-2023-0066-PCO-EI, Duke Energy Florida, LLC (“DEF”), hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January 2024 through December 2024:

1. **Known Witnesses** - DEF intends to offer the testimony of:

<b>Witness</b>	<b>Direct Subject Matter</b>	<b>Issues#</b>
Gary P. Dean	Fuel Cost Recovery True-Up (2022); Capacity Cost Recovery True-Up (2022); Actual / Estimated and Projection Schedules; Other Matters	1B-1E, 5-10, 16-20, 21A-D, and 24-32
Adam R. Bingham	Calculation of GPIF Reward for (2023); GPIF Targets/Ranges (2023)	14 and 15
James (“Jim”) McClay	Risk Management Plan	1A

2. **Known Exhibits** - DEF intends to offer the following exhibits:

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit #</b>	<b>Description</b>
Gary Dean	DEF	(GPD-1T)	Fuel Cost Recovery True-Up (Jan – Dec. 2022)

Gary Dean	DEF	(GPD-2T)	Capacity Cost Recovery True-Up (Jan – Dec. 2022)
Gary Dean	DEF	(GPD-3T)	Schedules A1 through A3, A6 and A12 for Dec 2022
Gary Dean	DEF	(GPD-4T)	2022 Capital Structure and Cost Rates Applied to Capital Projects
Gary Dean	DEF	(GPD-2)	Actual/Estimated True-up Schedules for period January – December 2023
Gary Dean	DEF	(GPD-3)	Projection Factors for January - December 2024
Adam R. Bingham	DEF	(ARB-1T)	Calculation of GPIF Penalty for January - December 2022
Adam R. Bingham	DEF	(ARB-1P)	GPIF Targets/Ranges Schedules for January – December 2024
James (“Jim”) McClay	DEF	(JM-1P)	Hedging Testimony <b>CONFIDENTIAL</b> 2024 Risk Management Plan <b>CONFIDENTIAL</b>

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

3. **Statement of Basic Position** - Not applicable. DEF’s positions on specific issues are listed below.

4. **Statement of Facts**

## FUEL ISSUES

### COMPANY SPECIFIC FUEL ADJUSTMENT ISSUES

#### Duke Energy Florida, LLC

**ISSUE 1A:** Should the Commission approve DEF's 2024 Risk Management Plan?

**DEF:** Yes. (McClay)

**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 2024?

**DEF:** \$49,715,436. (Dean)

**ISSUE 1C:** What is the impact on this docket, if a decision is issued in Case SC22-94 before January 1, 2024??

**DEF:** There will be no impact. The impact of any decision should be handled in the normal true-up process. (Dean)

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

**DEF:** This issue is not ripe for determination at this time. (Dean)

**ISSUE 1E:** What is the appropriate Clean Energy Impact (CEI) credit, approved by Order No. PSC-2023-0191-TRF-EI, to be included in the fuel clause in 2024?

**DEF:** \$1,748,081. (Dean)

#### Florida Power and Light

**ISSUE 2A:** What was the total gain under FPL's Incentive Mechanism approved by Order No. PSC-2021-0446-AS-EI that FPL may recover for the period January 2022 through December 2022, and how should that gain to be shared between FPL and customers?

**DEF:** No position.

**ISSUE 2B:** What is the appropriate amount of Incremental Optimization Costs under FPL's Incentive Mechanism approved by Order No. PSC-2021-0446-AS-EI that FPL

should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2022 through December 2022?

**DEF:** 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-2021-0446-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2022 through December 2022?

**DEF:** 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-2021-0446-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2022 through December 2022?

**DEF:** 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 2024?

**DEF:** No position.

**ISSUE 2F:** Should the Commission approve FPL’s 2024 Risk Management Plan?

**DEF:** No position.

**ISSUE 2G:** Are the 2024 SoBRA units (12 total) proposed by FPL cost effective?

**DEF:** No position.

**ISSUE 2H:** What are the revenue requirements associated with the 2024 SoBRA Project

**DEF:** No position.

**ISSUE 2I:** What is the appropriate base rate percentage increase for the 2024 SoBRA Project to be effective when all 2024 units are in service, currently projected to be January 31, 2024?

**DEF:** No position.

**ISSUE 2J:** Should the Commission approve revised tariffs for FPL reflecting the base rate percentage increases for the 2024 SoBRA Project determined to be appropriate in this proceeding?

**DEF:** No position.

### **Florida Public Utilities Company**

**ISSUE 3A:** Should the Commission modify the previously ordered (Order No. PSC-2023-0026-FOF-EI) recovery schedule for FPUC's under-recovery of 2022 fuel costs from three years to two years?

**DEF:** No position

### **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 2022 through December 2022, and how should that gain to be shared between TECO and customers?

**DEF:** No position.

**ISSUE 4B:** Should the Commission approve TECO's 2024 Risk Management Plan?

**DEF:** No position.

## **GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 5:** What are the appropriate actual benchmark levels for calendar year 2023 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**DEF:** \$3,179,060. (Dean)

**ISSUE 6:** What are the appropriate estimated benchmark levels for calendar year 2024 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**DEF:** \$3,891,306. (Dean)

**ISSUE 7:** What are the appropriate final fuel adjustment true-up amounts for the period January 2022 through December 2022?

**DEF:** \$147,455 under-recovery. (Dean)

**ISSUE 8:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2023 through December 2023?

**DEF:** \$119,078,499 over-recovery, which is the 2023 actual/estimated true-up balance of \$829,303,287 over-recovery less the approved 2023 midcourse projected true-up over-recovery balance of \$710,224,788. (Dean)

**ISSUE 9:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2024 through December 2024?

**DEF:** \$554,889,752 under-recovery, calculated as follows:

2022 Approved Under-Recovery	\$1,354,975,755 *
Less: Previously Approved in Rates	<u>\$ 175,789,361 *</u>
Net 2022 Remaining Under-Recovery	\$1,179,186,394 *
Less: Approved Portion Projected to Recover in 2023 (\$1,179,186,394 / 21months x 9 months)	\$ 505,365,598 *
Plus: 2022 True-Up Adjustment Under-Recovery	\$ 147,455
Less: 2023 Actual/Estimate True-Up Over-Recovery	<u>\$ 119,078,499</u>
	<u>\$ 554,889,752</u>

\* Refer to Order No. PSC-2023-0112-PCO-EI

(Dean)

**ISSUE 10:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2024 through December 2024?

**DEF:** \$1,471,960,084 which is adjusted for line losses and excludes prior period true-up, GPIF, CEC Bill Credits and the CEI. (Dean)

### **COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

#### **Duke Energy Florida, LLC**

No company-specific GPIF issues for Duke Energy Florida, LLC 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, Co.**

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 GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**ISSUE 14:** What is the appropriate GPIF reward or penalty for performance achieved during the period January 2022 through December 2022 for each investor-owned electric utility subject to the GPIF?

**DEF:** \$986,550 reward. (Bingham)

**ISSUE 15:** What should the GPIF targets/ranges be for the period January 2024 through December 2024 for each investor-owned electric utility subject to the GPIF?

**DEF:** The appropriate targets and ranges are shown on Page 4 of Exhibit ARB-1P filed on September 5, 2023 with the Direct Testimony of Adam Ross Bingham. (Bingham)

## **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 2024 through December 2024?

**DEF:** \$2,075,803,742. (Dean)

**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 2024 through December 2024?

**DEF:** Pursuant to the 2021 Settlement approved in Order No. PSC-2021-0202-AS-EI, DEF removed the Regulatory Assessment Fee beginning with its 2022 Projection Filing and includes it with the Gross Receipts Tax on customer bills. (Dean)

**ISSUE 18:** What are the appropriate levelized fuel cost recovery factors for the period January 2024 through December 2024?

**DEF:** 5.239 cents/kWh (adjusted for jurisdictional losses). (Dean)

**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?

**DEF:**

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
A	Transmission	0.9800
B	Distribution Primary	0.9900
C	Distribution Secondary	1.0000
D	Lighting Service	1.0000

(Dean)

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

**DEF:**

Fuel Cost Factors (cents/kWh)							
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use		
					On-Peak	Off-Peak	Super Off-Peak
A	Transmission	--	--	5.142	6.571	5.178	3.661
B	Distribution Primary	--	--	5.195	6.639	5.231	3.699
C	Distribution Secondary	4.947	6.017	5.247	6.706	5.284	3.736
D	Lighting Secondary	--	--	4.880	--		--

(Dean)

**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 for 2024?



**DEF:** \$6,879,837. (Dean)

**ISSUE 21B:** What adjustment amount should the Commission approve to be refunded through the capacity clause associated with the Solar Base Rate Adjustment true-up for Plant Sandy Creek?

**DEF:** The Commission should approve a credit of \$955,358 through the capacity clause for the final cost true ups for the Sandy Creek project. The Commission should also approve a credit of \$580,807 for the reduction of the revenue requirements for Sandy Creek in lieu of reflecting these reductions in base rates. (Dean)

**ISSUE 21C:** What adjustment amount should the Commission approve to be refunded through the capacity clause associated with the Solar Base Rate Adjustment true-up for Plant Santa Fe?

**DEF:** \$386,291 (Dean)

**ISSUE 21D:** What adjustment amount should the Commission approve to be refunded through the capacity clause associated with the Solar Base Rate Adjustment true-up for Plant Twin Rivers?

**DEF:** \$533,447 (Dean)

### **Florida Power & Light Company**

**ISSUE 22A:** Should the Commission approve a \$7.92 million refund related to the incremental impact of the Inflation Reduction Act for years 2022 and 2023 due to the application of the Tax Provision contained in FPL'S current Rate Settlement Agreement?

**DEF:** No position.

### **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 shall 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 2022 through December 2022?

**DEF:** \$5,788,998 under-recovery. (Dean)

**ISSUE 25:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2023 through December 2023?

**DEF:** \$4,762,828 under-recovery. (Dean)

**ISSUE 26:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2024 through December 2024?

**DEF:** \$10,551,826 under-recovery. (Dean)

**ISSUE 27:** What are the appropriate projected total capacity cost recovery amounts for the period January 2024 through December 2024?

**DEF:** \$310,027,071. (Dean)

**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 2024 through December 2024?

**DEF:** \$327,458,733. (Dean)

**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 2024 through December 2024?

**DEF:** Base – 97.403%, Intermediate – 92.637%, Peaking – 95.110%, consistent with the 2021 Settlement approved in Order No. PSC-2017-0451-AS-EI. (Dean)

**ISSUE 30:** What are the appropriate capacity cost recovery factors for the period January 2024 through December 2024?

**DEF:**

Rate Class	Jan-Dec 2024 CCR Factor
Residential	0.946 cents/kWh
General Service Non-Demand	0.816 cents/kWh

@ Primary Voltage	0.808 cents/kWh
@ Transmission Voltage	0.800 cents/kWh
General Service 100% Load Factor	0.597 cents/kWh
General Service Demand	2.53 \$/kW-month
@ Primary Voltage	2.50 \$/kW-month
@ Transmission Voltage	2.48 \$/kW-month
Curtable	2.05 \$/kW-month
@ Primary Voltage	2.03 \$/kW-month
@ Transmission Voltage	2.01 \$/kW-month
Interruptible	1.99 \$/kW-month
@ Primary Voltage	1.97 \$/kW-month
@ Transmission Voltage	1.95 \$/kW-month
Standby Monthly	0.244 \$/kW-month
@ Primary Voltage	0.242 \$/kW-month
@ Transmission Voltage	0.239 \$/kW-month
Standby Daily	0.116 \$/kW-month
@ Primary Voltage	0.115 \$/kW-month
@ Transmission Voltage	0.114 \$/kW-month
Lighting	0.237 cents/kWh

(Dean)

**III. EFFECTIVE DATE**

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

**DEF:** The new factors should be effective beginning with the first billing cycle for January 2024 through the last billing cycle for December 2024. The first billing cycle may start before January 1, 2024, and the last billing cycle may end after December 31, 2024, so long as each customer is billed for twelve months regardless of when the factors became effective. (Dean)

**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?

**DEF:** 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 decision. (Dean)

## MISCELLANEOUS ISSUES

**ISSUE 33:** Should this docket be closed?

**DEF:** No, docket to remain open because it is a continuing docket.

## CONTESTED ISSUES

No contested issues have been identified in this proceeding; to the extent any such issues are identified between the filing of this prehearing statement and the prehearing conference, DEF reserves the right to supply a position at a later date.

5. **Pending Motions** - None at this time.

6. **Requests for Confidentiality**

DEF has the following pending requests for confidential classification:

- April 30, 2021-DEF's Request for Confidential Classification regarding DEF's Response to OPC's 1st PODs (Nos. 1-4) docket 20210001(DN 03794-2021).
- August 16, 2023-DEF's First Request for Extension of Confidential Classification regarding DEF's Response to Staff's DR1, Q11, docket 20210001(DN 04801-2023 x-ref 08455-2021).

7. **Objections to Qualifications** - DEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.

8. **Sequestration of Witnesses** - DEF has not identified any witnesses for sequestration at this time.

9. **Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure of which it will be unable to comply.

RESPECTFULLY SUBMITTED this 6<sup>th</sup> day of October, 2023.

/s/Matthew R. Bernier

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**CERTIFICATE OF SERVICE**  
Docket No. 20230001-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via email this 6<sup>th</sup> day of October, 2023 to all parties of record as indicated below.

/s/Matthew R. Bernier  
Attorney

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