

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 160001-EI
ORDER NO. PSC-16-0547-FOF-EI
ISSUED: December 5, 2016

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
ART GRAHAM
JIMMY PATRONIS

FINAL ORDER APPROVING EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL
ADJUSTMENT FACTORS; GPIF TARGETS, RANGES, AND REWARDS; AND
PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST
RECOVERY FACTOR

APPEARANCES:

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On behalf of the Citizens of the State of Florida (OPC)

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On behalf of the Florida Industrial Power Users Group (FIPUG)

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White Springs (PCS Phosphate)

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On behalf of the Florida Public Service Commission (Staff)

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Florida Public Service Commission General Counsel.

BY THE COMMISSION:

As part of the continuing fuel and purchased power adjustment and generating performance incentive clause proceedings, an administrative hearing was held on November 2, 2016, in this docket. The hearing addressed the issues set out in Order No. PSC-16-0504-PHO-EI, issued on

October 31, 2016, in this docket (Prehearing Order). Stipulations were reached on all issues by the parties and were presented to us for approval without objection. As set forth fully below, we approve each of the stipulated positions.

We have jurisdiction over this subject matter pursuant to the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

HEDGING POLICY ISSUES

Based on the evidence submitted in this docket, we hereby approve the Joint Stipulation and Agreement for Interim Resolution of Hedging issues, dated October 24, 2016 (the “Joint Stipulation”). Consistent with the Joint Stipulation, the parties have agreed to a moratorium on any new hedges effective immediately upon our approval of the stipulated positions offered on the hedging issues in this docket, with that moratorium extending through calendar year 2017. We therefore find that the hedging issues shall be deferred to the 2017 docket and the Joint Stipulation accepted as the replacement for the signatory companies’ respective Risk Management Plans for 2017, rendering moot the company specific issues regarding their request for approval of their respective Risk Management Plans as filed for 2017. As was requested by the parties to the Joint Stipulation, we hereby direct Commission staff to open a generic docket as soon as possible to allow all interested parties to engage in a workshop or workshops to consider all alternatives to prospectively resolving the hedging issues, including but not limited to the Gettings/Cicchetti approach, a reduction in the current levels of hedging and hedging durations, use of different financial products, or the termination of financial hedging altogether, with the goal of providing guidelines for risk management plans for 2018 and beyond that all stakeholders can either agree upon or not object to.

Risk Management Plans

Consistent with our decision above, we accept the Joint Stipulation as the replacement for the signatory companies’ respective Risk Management Plans for 2017, rendering moot the company specific issues regarding their request for approval of their respective Risk Management Plans as filed for 2017.

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Duke Energy Florida, LLC

Hedging Activities as Reported in April and August 2016 Filings

DEF’s hedging activities for the period August 1, 2015 through July 31, 2016, are reported in April and August 2016 filings. We reviewed these filings and found DEF’s actions to mitigate the volatility of natural gas, residual oil, and purchased power prices were reasonable and prudent.

Hines Outage Issue

Based on the evidence, this issue is not ripe for resolution at this time. As of the date DEF filed its fuel cost recovery projections for 2017, the root cause analysis report for the May 2016 forced outage at Hines Unit 4 had not been completed, and decisions on appropriate adjustments, if any are needed, to account for replacement costs are premature. DEF has not included any replacement power costs to-date, and any necessary adjustments will be addressed in DEF's 2016 Final True-up filing.

Florida Power & Light Company

Hedging Activities as Reported in April and August 2016 Filings

FPL's risk management plan currently involves only natural gas hedging. FPL's hedging activities for the period August 1, 2015 through July 31, 2016, are reported in April and August 2016 filings. We reviewed these filings and found FPL's actions mitigate the price volatility of natural gas were reasonable and prudent.

Risk Management Plan for 2017

FPL's Alternative 2017 Risk Management Plan filed on October 19, 2016, provides for FPL to financially hedge zero percent of its 2018 projected natural gas requirements. FPL filed the Alternative 2017 Risk Management Plan in implementation of Paragraph 16 of the proposed stipulation and settlement of FPL's rate case in Docket No. 160021-EI and consolidated dockets that was filed on October 6, 2016 (the "Proposed Settlement Agreement"), which was approved by this Commission on November 29, 2016.

Incentive Mechanism Results for 2015

We find that the total gain in 2015 under the Incentive Mechanism approved in Order No. PSC-13-0023-S-EI, was \$46,884,377. This amount shall be shared between FPL and customers, with FPL retaining \$530,626.

Based on the evidence, the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL shall be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2015 through December 2015 is \$473,550.

Based on the evidence, the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL shall 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 for the period January 2015 through December 2015 is \$2,563,924.

Incentive Mechanism Results for 2016

Based on the evidence, the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL shall be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2016 through December 2016 is \$476,389.

In addition, based on the evidence, the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL shall 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 for the period January 2016 through December 2016 is \$2,277,340.

Incentive Mechanism Projections for 2017

On October 6, 2016, FPL, OPC, the South Florida Hospital and Healthcare Association and FRF jointly moved for approval of a proposed stipulation and settlement of FPL's rate case in Docket No. 160021-EI and consolidated dockets (the "Proposed Settlement Agreement"). We approved the Proposed Settlement Agreement on November 29, 2016, which states that the Incentive Mechanism shall continue, subject to certain modifications.

Based on the evidence, the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL shall be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2017 through December 2017 is \$476,708.

Based on the evidence, the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL shall be allowed to recover through the fuel clause for variable power plant O&M costs associated with wholesale economy sales and purchases for the period January 2017 through December 2017 is \$496,340.

Cape Canaveral Energy Center (CCEC) GBRA true-up

Based on the evidence, the appropriate refund amount associated with the Cape Canaveral Energy Center (CCEC) GBRA true-up is \$1,890,528. This refund is reflected as a credit to FPL's projected capacity costs for 2017.

Woodford Gas Reserves Project Refund

The amount that shall be refunded to customers in the Fuel Clause as a result of the Florida Supreme Court's decision on the Woodford Gas Reserves Project is \$24,532,560, which includes interest of \$38,999 calculated from March 2015 through June 2016. This \$24,532,560 consists of \$21,294,315 credited to customers in June 2016 plus \$3,238,245 that is reflected in the 2016 monthly true-up amounts.

Gulf Power Company

Hedging Activities as Reported in April and August 2016 Filings

Gulf's hedging activities for the period August 1, 2015 through July 31, 2016, are reported in April and August 2016 filings. We reviewed these filings and found Gulf's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices were reasonable and prudent.

Tampa Electric Company

Hedging Activities as Reported in April and August 2016 Filings

TECO's hedging activities for the period August 1, 2015 through July 31, 2016, are reported in April and August 2016 filings. We reviewed these filings and found TECO's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices were reasonable and prudent.

GENERIC FUEL ADJUSTMENT ISSUES

Benchmark Levels for 2016

The appropriate actual benchmark levels for calendar year 2016 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-00-1744-PAA-EI were uncontested by the parties. After reviewing the evidence, we concurred with the utilities' positions. Accordingly, the appropriate actual benchmark levels for calendar year 2016 for gains on non-separated wholesale energy sales eligible for a shareholder incentive are:

DEF: \$2,880,457.

FPL: Pursuant to the Stipulation and Settlement that was approved by us in Order No. PSC-13-0023-S-EI, FPL implemented an Incentive Mechanism program, which does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI. Setting the appropriate actual benchmark levels for calendar year 2016 for gains on non-separated wholesale energy sales eligible for a shareholder incentive is not applicable to FPL for calendar year 2016.

GULF: \$703,718.

TECO: \$1,563,273.

Projected Benchmark Levels for 2017

The appropriate estimated benchmark levels for calendar year 2017 for gains on non-separated wholesale energy sales eligible for a shareholder incentive pursuant to Order No. PSC-

00-1744-PAA-EI were uncontested by the parties. After reviewing the evidence, we concurred with the utilities' positions. Accordingly, the appropriate estimated benchmark levels for calendar year 2017 for gains on non-separated wholesale energy sales eligible for a shareholder incentive are:

DEF: \$2,933,170.

FPL: Pursuant to the Stipulation and Settlement that was approved by the Commission in Order No. PSC-13-0023-S-EI (the "2012 Settlement Agreement"), FPL implemented an Incentive Mechanism program which does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI. Setting the appropriate estimated benchmark levels for gains on non-separated wholesale energy sales eligible for a shareholder incentive is not applicable to FPL as part of its Incentive Mechanism.

The 2012 Settlement Agreement will expire at the end of 2016. However, on October 6, 2016, FPL, OPC, the South Florida Hospital and Healthcare Association and FRF jointly moved for approval of a proposed stipulation and settlement of FPL's rate case in Docket No. 160021-EI and consolidated dockets (the "Proposed Settlement Agreement"). The Proposed Settlement Agreement, approved by us on November 29, 2016, states that the Incentive Mechanism shall continue, subject to certain modifications.

GULF: \$802,125.

TECO: \$1,337,579.

2015 Fuel Adjustment Final True-up

The appropriate final true-up amounts for the period January 2015 through December 2015 were uncontested by the parties. After reviewing the evidence, we concurred with the utilities' positions. Accordingly, the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2015 through December 2015 are:

DEF: \$25,816, under-recovery.

FPL: The final fuel adjustment true-up amount of \$29,767,250, over-recovery was addressed by the mid-course correction approved by Order No. PSC 16-0120-PCO-EI.

FPUC: \$28,109, under-recovery.

GULF: \$1,324,066, under-recovery.

TECO: \$18,058,299, over-recovery.

2016 Fuel Adjustment Actual/Estimated True-up

The appropriate fuel adjustment actual/estimated true-up amounts for the period January 2016 through December 2016 were uncontested by the parties. After reviewing the evidence, we concurred with the utilities' positions. Accordingly, the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2016 through December 2016 are:

DEF: \$26,191,847, under-recovery.
FPL: \$26,483,684, under-recovery.
FPUC: \$1,261,783, under-recovery.
GULF: \$27,383,731, over-recovery.
TECO: \$104,581,497, over-recovery.

2015-2016 Fuel Adjustment True-up to be Collected/Refunded in 2017

The appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2017 through December 2017 were uncontested by the parties. After reviewing the evidence, we concurred with the utilities' positions. Accordingly, the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2017 through December 2017 are:

DEF: \$26,217,663, to be collected (under-recovery).
FPL: \$26,483,684, to be collected (under-recovery).
FPUC: \$1,289,892, to be collected (under-recovery).
GULF: \$26,059,665, to be refunded (over-recovery).
TECO: \$122,639,796, to be refunded (over-recovery).

Projected Total Fuel and Purchased Power Cost Recovery Amounts for 2017

The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2017 through December 2017 were uncontested by the parties. After reviewing the evidence, we concurred with the utilities' positions. Accordingly, the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2017 through December 2017 are:

DEF: \$1,406,748,451.
FPL: \$2,966,325,004, which excludes prior period true up amounts, revenue taxes, the GPIF reward, the Vendor Settlement Refund, and FPL's portion of gains from its Incentive Mechanism.
FPUC: \$64,925,483.
GULF: \$346,008,822, including prior period true up amounts and revenue taxes.
TECO: \$562,715,593, which is adjusted by the jurisdictional separation factor, excluding the GPIF reward and the revenue tax factor, but including the prior period true up amounts.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

GPIF Results for 2015

Based on the evidence, the appropriate generation performance incentive factor (GPIF) rewards or penalty for performance achieved during the period January 2015 through December 2015 for each investor-owned electric utility subject to the GPIF are:

DEF: \$2,255,421 reward.
 FPL: \$31,658,059 reward.
 GULF: \$45,708 penalty.
 TECO: \$969,593 reward.

GPIF Targets/Ranges for 2017

Based on the evidence, the GPIF targets/ranges for the period January 2017 through December 2017 for each investor-owned electric utility subject to the GPIF are:

Company	Plant/Unit	EAF			ANOHR		
		Target	Maximum		Target	Maximum	
		EAF (%)	EAF (%)	Savings (\$000's)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000's)
DEF:	Bartow 4	90.2	92.6	1,643	7,324	6,968	9,342
	Crystal River 4	88.2	92.4	2,398	10,255	9,814	6,784
	Crystal River 5	88.6	90.2	1,002	9,848	9,392	7,001
	Hines 1	91.5	92.3	178	7,515	7,043	4,412
	Hines 2	68.0	80.6	2,788	7,287	6,956	2,411
	Hines 3	87.3	89.0	413	7,171	6,676	5,232
	Hines 4	89.4	91.7	117	7,018	6,716	3,895
	Total			8,538			39,077
FPL:	Cape Canaveral 3	79.4	82.4	1,168	6,663	6,582	2,633
	Manatee 3	70.9	72.9	486	6,968	6,788	3,912
	Ft. Myers 2	92.4	94.9	1,011	7,301	7,090	8,454
	Martin 8	72.9	75.4	645	6,977	6,864	2,577
	St. Lucie 1	93.6	96.6	5,588	10,401	10,293	576
	St. Lucie 2	83.7	86.7	4,137	10,278	10,184	427
	Turkey Point 3	85.1	88.1	4,156	11,106	10,926	730
	Turkey Point 4	85.4	88.4	4,351	11,019	10,870	590
	Turkey Point 5	78.3	80.3	608	7,134	7,052	1,639
	West County 1	89.5	92.0	891	6,989	6,803	5,952
	West County 2	93.0	95.5	938	6,941	6,803	4,684
	West County 3	76.1	78.6	905	6,975	6,834	4,063
	Total			24,884			36,237
GULF:	Scherer 3*	79.0	79.9	22	10,878	10,552	1,750
	Crist 7	96.0	97.2	10	10,470	10,156	1,655

	Daniel 1	90.5	91.9	1	10,539	10,223	467
	Daniel 2	75.7	76.6	5	10,468	10,154	386
	Smith 3	93.1	93.7	50	6,920	6,712	2,326
	Total			88			6,584
TECO:	Big Bend 1	80.5	83.4	1,203	10,698	10,409	1,678
	Big Bend 2	69.6	74.7	1,583	10,545	10,098	2,294
	Big Bend 3	61.4	65.8	1,009	10,588	10,324	1,136
	Big Bend 4	79.1	82.3	1,423	10,447	10,243	1,309
	Polk 1	82.1	84.6	780	10,048	9,528	1,276
	Bayside 1	75.3	77.5	499	7,517	7,382	1,697
	Bayside 2	76.1	78.0	114	7,683	7,504	2,188
	Total			6,610			11,578

*The inclusion in the 2017 GPIF projection is pending our determination of the retail status of Scherer 3 in a separate proceeding.

FUEL FACTOR CALCULATION ISSUES

Projected Cost Recovery Amounts for 2017

Based on the evidence, the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2017 through December 2017 are as follows:

DEF: \$1,436,253,271.
 FPL: \$3,019,548,507, including prior period true-ups, revenue taxes, FPL's portion of Incentive Mechanism gains, the GPIF reward and Vendor Settlement Refund.
 FPUC: \$66,215,375, which includes prior period true up amounts
 GULF: \$345,963,114, including prior period true up amounts and revenue taxes.
 TECO: \$685,342,648, which is adjusted by the jurisdictional separation factor. The amount is \$564,090,341 when the GPIF reward or penalty, the revenue tax factor, and the prior period true up amounts are applied.

Revenue Tax Factor

Based on the evidence, the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2017 through December 2017 is 1.00072.

Levelized Fuel Cost Recovery Factor

Based on the evidence, the appropriate levelized fuel cost recovery factors for the period January 2017 through December 2017 are as follows:

DEF: 3.663 cents per kWh (adjusted for jurisdictional losses).
 FPL: 2.813 cents/kWh

FPUC: The appropriate factor is 6.593¢ per kWh.

GULF: 3.139 cents/kWh.

TECO: The appropriate factor is 2.951 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage.

Fuel Recovery Line Loss Multipliers

Based on the evidence, 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 are shown below:

DEF:

Fuel Recovery Line Loss Multipliers		
Group	Delivery Voltage Level	Line Loss Multiplier
A	Transmission	0.9800
B	Distribution Primary	0.9900
C	Distribution Secondary	1.0000
D	Lighting Service	1.0000

FPL:

Fuel Recovery Loss Multipliers		
Group	Rate Schedule	Loss Multiplier
A	RS-1 first 1,000 kWh	1.00252
A	RS-1, all addl. kWh	1.00252
A	GS-1, SL-2, GSCU-1, WIES-1, SL-2M	1.00252
A-1	SL-1, OL-1, PL-1, SL-1M ¹	1.00252
B	GSD-1	1.00246
C	GSLD-1, CS-1	1.00171
D	GSLD-2, CS-2, OS-2, MET	0.99482
E	GSLD-3, CS-3	0.97229
A	GST-1 On-Peak	1.00252
A	GST-1 Off Peak	1.00252
A	RTR-1 On-Peak	-
A	RTR-1 Off-Peak	-
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On Peak	1.00246
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off Peak	1.00246
C	GSDLT-1, CST-1, HLFT-2 (500-1,9999 kW) On Peak	1.00171
C	GSDLT-1, CST-1, HLFT-2 (500-1,9999 kW) Off Peak	1.00171
D	GSDLT-2, CST-2, HLFT-3 (2,000+ kW) On Peak	0.99535
D	GSDLT-2, CST-2, HLFT-3 (2,000+ kW) Off Peak	0.99535
E	GSDLT-3, CST-3, CILC-1(T), ISST-1(T) On Peak	0.97229

¹Weighted Average 16% On-Peak and 84% Off-Peak

E	GSDLT-3, CST-3, CILC-1(T), ISST-1(T) Off Peak	0.97229
F	CILC-1(D), ISST-1(D) On Peak	0.99450
F	CILC-1(D), ISST-1(D) Off Peak	0.99450
B	GSD(T)-1 On-Peak	1.00246
	Seasonal Demand Time of Use Rider (SDTR) Loss Multipliers	
B	GSD(T)-1 Off-Peak	1.00246
C	GSLD(T)-1 On-Peak	1.00171
C	GSLD(T)-1 Off-Peak	1.00171
D	GSLD(T)-2 On-Peak	0.99535
D	GSLD(T)-2 Off-Peak	0.99535

FPUC: The appropriate line loss multiplier is 1.0000.

GULF:

Fuel Recovery Line Loss Multipliers		
Group	Rate Schedules	Line Loss Multipliers
A	RS, RSVP, RSTOU, GS, GSD, GSDT, GSTOU, OSII, SBS(1)	1.00773
B	LP, LPT, SBS(2)	0.98353
C	PX, PXT, RTP, SBS(3)	0.96591
D	OSI/II	1.00777
(1) Includes SBS customers with a contract demand in the range of 100 to 499 kW		
(2) Includes SBS customers with a contract demand in the range of 500 to 7,499 kW		
(3) Includes SBS customers with a contract demand over 7,499 kW		

TECO:

Fuel Recovery Line Loss Multipliers	
Metering Voltage Schedule	Line Loss Multiplier
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

Fuel Cost Recovery Factors

Based on the evidence, the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses are shown below:

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
A	Transmission	--	--	3.594	4.482	3.181
B	Distribution Primary	--	--	3.630	4.527	3.213
C	Distribution Secondary	3.377	4.377	3.667	4.573	3.245
D	Lighting Secondary	--	--	3.494	--	--

DEF and PCS Phosphate stipulate that the voltage level recovery factors shown on Table 23-1 are the appropriate factors for 2017. DEF and PCS Phosphate further agree that DEF's increasing reliance on natural gas-fired generation is one factor leading to a decrease in the differential between peak and off-peak fuel rates associated with the time of energy usage. DEF and PCS Phosphate agree to meet and discuss appropriate approaches for addressing this issue, including, but not limited to, the PCS Phosphate proposal to establish a minimum on-peak/off-peak differential for the applicable service classifications.

FPL:

Fuel Recovery Factors – By Rate Group (Adjusted for Line Losses)				
Group	Rate Schedule	Avg. Factor	Loss Multiplier	Fuel Recovery Factor
A	RS-1 first 1,000 kWh	2.813	1.00252	2.491
A	RS-1, all addl. kWh	2.813	1.00252	3.491
A	GS-1, SL-2, GSCU-1, WIES-1, SL-2M	2.813	1.00252	2.820
A-1	SL-1, OL-1, PL-1, SL-1M ²	2.739	1.00252	2.745
B	GSD-1	2.813	1.00246	2.820
C	GSLD-1, CS-1	2.813	1.00171	2.818
D	GSLD-2, CS-2, OS-2, MET	2.813	0.99482	2.798
E	GSLD-3, CS-3	2.813	0.97229	2.735
A	GST-1 On-Peak	3.204	1.00252	3.212
A	GST-1 Off Peak	2.650	1.00252	2.657
A	RTR-1 On-Peak	-	-	0.392
A	RTR-1 Off-Peak	-	-	(0.163)
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On Peak	3.204	1.00246	3.212
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off Peak	2.650	1.00246	2.657

²Weighted Average 16% On-Peak and 84% Off-Peak

C	GSDLT-1, CST-1, HLFT-2 (500-1,9999 kW) On Peak	3.204	1.00171	3.209
C	GSDLT-1, CST-1, HLFT-2 (500-1,9999 kW) Off Peak	2.650	1.00171	2.655
D	GSDLT-2, CST-2, HLFT-3 (2,000+ kW) On Peak	3.204	0.99535	3.189
D	GSDLT-2, CST-2, HLFT-3 (2,000+ kW) On Peak	2.650	0.99535	2.638
E	GSDLT-3, CST-3, CILC-1(T), ISST-1(T) On Peak	3.204	0.97229	3.115
E	GSDLT-3, CST-3, CILC-1(T), ISST-1(T) Off Peak	2.650	0.97229	2.577
F	CILC-1(D), ISST-1(D) On Peak	3.204	0.99450	3.186
F	CILC-1(D), ISST-1(D) Off Peak	2.650	0.99450	2.635
	Seasonal Demand Time of Use Rider (SDTR) Fuel Recovery Factors			
B	GSD(T)-1 On-Peak	4.017	1.00246	4.027
B	GSD(T)-1 Off-Peak	2.655	1.00246	2.662
C	GSLD(T)-1 On-Peak	4.017	1.00171	4.024
C	GSLD(T)-1 Off-Peak	2.655	1.00171	2.660
D	GSLD(T)-2 On-Peak	4.017	0.99535	3.998
D	GSLD(T)-2 Off-Peak	2.655	0.99535	2.643

FPUC: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2017 through December 2017 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are shown below:

Rate Schedule	Adjustment (cents/kWh)
RS	10.417
GS	9.975
GSD	9.530
GSLD	9.238
LS	7.088
Step Rate for RS	--
RS Sales	10.417
RS with less than 1,000 kWh/month	10.055
RS with more than 1,000 kWh/month	11.305

Consistent with the fuel projections for the 2017 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2017 period are shown below:

Rate Schedule	Adjustment On Peak (cents/kWh)	Adjustment Off Peak (cents/kWh)
RS	18.455	6.155
GS	13.975	4.975
GSD	13.530	6.280
GSLD	15.238	6.238
Interruptible	7.738	9.238

GULF:

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP, RSTOU, GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00773	3.163	3.806	2.897
B	LP, LPT, SBS(2)	0.98353	3.087	3.715	2.828
C	PX, PXT, RTP, SBS(3)	0.96591	3.032	3.648	2.777
D	OSI/II	1.00777	3.125	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 kW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 kW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 kW will use the recovery factor applicable to Rate Schedule PX.

TECO:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>
Secondary	2.956
RS Tier I (Up to 1,000 kWh)	2.642
RS Tier II (Over 1,000 kWh)	3.642
Distribution Primary	2.926
Transmission	2.897
Lighting Service	2.916
Distribution Secondary	3.166 (on-peak)
	2.865 (off-peak)
Distribution Primary	3.134 (on-peak)
	2.836 (off-peak)
Transmission	3.103 (on-peak)
	2.808 (off-peak)

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, LLC

Nuclear Cost Recovery Amount

DEF included \$51,737,557 for the Crystal River 3 Uprate project, as authorized by Order No. PSC-16-0447-FOF-EI, issued October 10, 2016. Per the stipulation approved in Docket No. 150009-EI, the Levy portion of the NCRC charge has been set at \$0 for 2017.

Dry Cask Storage Amount

Based on evidence, the appropriate amount of costs for the Dry Cask Storage Facility that DEF should be allowed to recover through the Capacity Cost Recovery Clause pursuant to the 3rd Amendment to the RRSSA is \$5,287,371.

Florida Power & Light Company

WCEC-3 Cost Recovery Amount

On October 6, 2016, FPL, OPC, the South Florida Hospital and Healthcare Association and FRF jointly moved for approval of a proposed stipulation and settlement of FPL's rate case in Docket No. 160021-EI and consolidated dockets (the "Proposed Settlement Agreement"), which we approved on November 29, 2016. The Proposed Settlement Agreement states that the revenue requirement associated with the West County Energy Center Unit 3 (WCEC3) currently collected in capacity clause factors would be moved to base rates on a revenue neutral basis.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

2015 Capacity Cost Recovery Final True-up

Based on evidence, the appropriate final capacity cost recovery true-up amounts for the period January 2015 through December 2015 are as follows:

DEF: \$35,762,070 under-recovery, which is being recovered as part of a Mid-course Correction approved by Order No. PSC-16-0120-PCO-EI.
FPL: \$5,938,824 over-recovery.
GULF: \$965,767 under-recovery.
TECO: \$2,449,694, under-recovery.

2016 Capacity Cost Recovery Actual/Estimated True-up

Based on evidence, the appropriate final capacity cost recovery true-up amounts for the period January 2016 through December 2016 are as follows:

DEF: \$14,665,234 over-recovery.
FPL: \$9,639,909 over-recovery.
GULF: \$149,231 over-recovery.
TECO: \$536,366, under-recovery.

2015-2016 Capacity Cost Recovery True-up to be Collected/Refunded in 2017

Based on evidence, the appropriate final capacity cost recovery true-up amounts to be collected/refunded during the period January 2017 through December 2017 are as follows:

DEF: \$14,665,234, to be refunded (over-recovery).
FPL: \$15,578,733, to be refunded (over-recovery).
GULF: \$816,536, to be collected (under-recovery).
TECO: \$2,986,060, to be collected (under-recovery).

Projected Total Capacity Cost Recovery Amounts for 2017

Based on evidence, the appropriate projected total capacity cost recovery amounts for the period January 2017 through December 2017 are as follows:

DEF: \$386,010,796.
FPL: On October 6, 2016, FPL, OPC, the South Florida Hospital and Healthcare Association and FRF jointly moved for approval of a proposed stipulation and settlement of FPL's rate case in Docket No. 160021-EI and consolidated dockets (the "Proposed Settlement Agreement"), which we approved on November 29, 2016. The Proposed Settlement Agreement states that the revenue requirement associated with the West County Energy Center Unit 3 (WCEC3) currently

collected in capacity clause factors will be moved to base rates on a revenue neutral basis.

The appropriate projected total capacity cost recovery amount for the period January 2017 through December 2017 is Jurisdictionalized, \$313,376,833, excluding prior period true-ups, revenue taxes, and CCEC-3 Generating Base Rate Adjustment true up.

GULF: \$83,530,252.

TECO: \$11,049,153.

Projected Net Purchased Power Capacity Cost Recovery Amounts for 2017

Based on evidence, the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2017 through December 2017 are as follows:

DEF: The appropriate projected net purchased power capacity cost recovery amount is \$428,637,858, which includes prior period true-up amounts, revenue taxes, and the appropriate amounts for nuclear cost recovery and for the Dry Cask Storage Facility.

FPL: On October 6, 2016, FPL, OPC, the South Florida Hospital and Healthcare Association and FRF jointly moved for approval of a proposed stipulation and settlement of FPL's rate case in Docket No. 160021-EI and consolidated dockets (the "Proposed Settlement Agreement"), which we approved on November 29, 2016. The Proposed Settlement Agreement states that the revenue requirement associated with the West County Energy Center Unit 3 (WCEC3) currently collected in capacity clause factors will be moved to base rates on a revenue neutral basis.

The appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2017 through December 2017 is \$296,120,626, including prior period true-ups, revenue taxes, and CCEC Generating Base Rate Adjustment true up.

GULF: \$84,407,518 including prior period true-up amounts and revenue taxes.

TECO: The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$14,045,318.

Jurisdictional Separation Factors for Capacity Revenues and Costs for 2017

Based on evidence, the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2017 through December 2017 are as follows:

DEF: Base – 92.885%, Intermediate – 72.703%, Peaking – 95.924%, consistent with the Revised and Restated Stipulation and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI.

FPL: The appropriate jurisdictional separation factors are:

FPSC 95.04658%

FERC 4.95342%

GULF: 97.21125%.

TECO: The appropriate jurisdictional separation factor is 0.9958992.

Capacity Cost Recovery Factors for 2017

Based on evidence, the appropriate capacity cost recovery factors for the period January 2017 through December 2017 are shown below:

DEF:

Rate Class	Capacity Cost Recovery Factor	
	Cents / kWh	Dollars / kW-month
Residential	1.294	
General Service Non-Demand	1.006	
At Primary Voltage	0.996	
At Transmission Voltage	0.986	
General Service 100% Load Factor	0.708	
General Service Demand		3.67
At Primary Voltage		3.63
At Transmission Voltage		3.60
Curtable		2.89
At Primary Voltage		2.86
At Transmission Voltage		2.83
Interruptible		2.83
At Primary Voltage		2.80
At Transmission Voltage		2.77
Standby Monthly		0.356
At Primary Voltage		0.352
At Transmission Voltage		0.349
Standby Daily		0.170
At Primary Voltage		0.168
At Transmission Voltage		0.167
Lighting	0.203 (cents/kWh)	

FPL: On October 6, 2016, FPL, OPC, the South Florida Hospital and Healthcare Association and FRF jointly moved for approval of a proposed stipulation and settlement of FPL's rate case in Docket No. 160021-EI and consolidated dockets (the "Proposed Settlement Agreement"), which we approved on November 29,

2016. The Proposed Settlement Agreement provides for FPL to continue using the 12 CP and 1/13th production cost methodology, and the revenue requirement associated with the West County Energy Center Unit 3 (WCEC3) currently collected in capacity clause factors is moved to base rates on a revenue neutral basis. Consistent with our approval of the stipulation, FPL filed tariff sheets that reflect the decision rendered on the allocation methodology and on WCEC3 in Docket No. 160021-EI and consolidated dockets.

The appropriate capacity cost recovery factors for the period January 2017 through December 2017 are shown below, containing the Capacity Cost Recovery Factors based on a 12 CP and 1/13th Cost Of Service Allocation, excluding WCEC-3 cost recovery factors.

Rate Schedule	Total Capacity Cost Recovery Factors			
	\$/kW	\$/kWh	RDC \$/kW ³	SDD \$/kW ⁴
RS1/RTR1	-	0.00303	-	-
GS1/GST1	-	0.00278	-	-
GSD1/GSDT1/HLFT1	0.92	-	-	-
OS2	-	0.00201	-	-
GSLD1/GSLDT1/CS1/CST1/HLFT2	1.03	-	-	-
GSLD2/GSLDT2/CS2/CST2/HLFT3	1.01	-	-	-
GSLD3/GSLDT3/CS3/CST3	1.04	-	-	-
SST1T	-	-	\$0.13	\$0.06
SST1D1/SST1D2/SST1D3	-	-	\$0.13	\$0.06
CILC D/CILC G	1.14	-	-	-
CILC T	1.09	-	-	-
MET	1.17	-	-	-
OL1/SL1/PL1	-	0.00050	-	-
SL2, GSCU1	-	0.00197	-	-

³RDC=((Total Capacity Costs)/(Projected Avg 12CP @gen)(.10)(demand loss expansion factor)/12 months

⁴SDD=((Total Capacity Costs)/(Projected Avg 12CP @gen)(21 onpeak days)(demand loss expn. factor)/12 months

GULF: The appropriate capacity cost recovery factors for the period January 2017 through December 2017 are shown below:

Rate Class	Capacity Cost Recovery Factor	
	Cents / kWh	Dollars / kW-month
RS, RSVP, RSTOU	0.888	-
GS	0.811	
GSD, GSDT, GSTOU	0.708	
LP, LPT	-	2.97
PX, PXT, RTP, SBS	0.585	-
OS-I/II	0.174	
OSIII	0.537	

TECO: The appropriate capacity cost recovery factors for the period January 2017 through December 2017 are shown below:

Rate Class and Metering Voltage	Capacity Cost Recovery Factor	
	Cents / kWh	Dollars / kW
RS Secondary	0.088	-
GS and CS Secondary	0.076	
GSD, SBF Standard		
Secondary	-	0.27
Primary		0.27
Transmission		0.26
GSD Optional		
Secondary	0.063	-
Primary	0.062	
IS, SBI		
Primary	-	0.14
Transmission		0.14
LS1 Secondary	0.017	-

OTHER MATTERS

Per stipulation of the parties, the new factors shall be effective beginning with the first billing cycle for January 2017 through the last billing cycle for December 2017. The first billing cycle may start before January 1, 2017, and the last cycle may be read after December 31, 2017, so that each customer is billed for twelve months regardless of when the recovery factors became effective. The new factors shall continue in effect until modified by us.

We hereby approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. We direct staff to verify that the revised tariffs are consistent with our decision.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the findings set forth in the body of this Order are hereby approved. It is further

ORDERED that Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, Duke Energy Florida, LLC., and Tampa Electric Company are hereby authorized to apply the fuel cost recovery factors set forth herein during the period January 2017 through December 2017. It is further

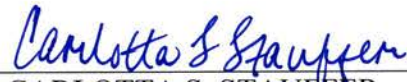
ORDERED that the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, Duke Energy Florida, LLC, and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors set forth herein during the period January 2017 through December 2017. It is further

ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that the Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor docket is an on-going docket and shall remain open.

By ORDER of the Florida Public Service Commission this 5th day of December, 2016.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

DJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.