

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20220001-EI
ORDER NO. PSC-2022-0390-PHO-EI
ISSUED: November 14, 2022

PREHEARING ORDER

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on November 2, 2022, in Tallahassee, Florida, before Commissioner Mike La Rosa, as Prehearing Officer.

APPEARANCES:

MATTHEW BERNIER and STEPHANIE CUELLO, ESQUIRES, 106 East College Avenue, Tallahassee, Florida 32301-7740; and DIANNE M. TRIPLETT, ESQUIRE, 299 First Avenue North, St. Petersburg, Florida 33701
On behalf of Duke Energy Florida, LLC (DEF)

MARIA JOSE MONCADA and DAVID LEE, ESQUIRES, Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408-0420
On behalf of Florida Power & Light Company (FPL)

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe St., Suite 601, Tallahassee, Florida 32301
On behalf of Florida Public Utilities Company (FPUC)

MALCOLM N. MEANS, J. JEFFRY WAHLEN, and VIRGINIA PONDER, ESQUIRES, Ausley McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO)

RICHARD GENTRY, CHARLES REHWINKEL, PATRICIA A. CHRISTENSEN, and MARY WESSLING, ESQUIRES, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida (OPC)

JON C. MOYLE, JR., and KAREN PUTNAL, ESQUIRES, Moyle Law Firm, PA, The Perkins House, 118 North Gadsden Street, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group (FIPUG)

ROBERT SHEFFEL WRIGHT and JOHN T. LAVIA, III, ESQUIRES, Gardner Bist, Bowden, Dee, LaVia, Wright, Perry, and Harper, PA., 1300 Thomaswood Drive, Tallahassee, Florida 32308
On behalf of Florida Retail Federation (FRF)

JAMES W. BREW and LAURA WYNN BAKER, ESQUIRES, Stone Mattheis Xenopoulos & Brew, PC, 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007

On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate)

PETER J. MATTHEIS, MICHAEL K. LAVANGA, and JOSEPH R. BRISCAR, ESQUIRES, Stone Mattheis Xenopoulos & Brew, PC, 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007

On behalf of Nucor Steel Florida, Inc. (NUCOR)

SUZANNE BROWNLESS and RYAN SANDY, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Advisor to the Florida Public Service Commission.

KEITH C. HETRICK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Florida Public Service Commission General Counsel

I. CASE BACKGROUND

As part of the continuing fuel and purchased power adjustment and generating performance incentive clause proceedings, an administrative hearing will be held by the Florida Public Service Commission (Commission) on November 17-18, 2022. The purpose of this docket is to review and approve purchased wholesale electric power charges, electric generation facilities' fuel and fuel related costs, and incentives associated with the efficient operation of generation facilities which are passed through to ratepayers through the fuel adjustment factor. The Commission will address those issues listed in this prehearing order. The Commission has the option to render a bench decision with agreement of the parties on any or all of the issues listed below.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.). This hearing will be governed by said Chapter, Chapter 120, F.S., and Chapters 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary

record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to three minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Gary P. Dean	DEF	1B-1G, 5-10, 16-20, 21A-23C, and 24-32
Mary Ingle Lewter-Jenkins	DEF	14 and 15

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
Anthony Salvarezza	DEF	1C and 1G
Jim McClay	DEF	1A
Charles R. Rote	FPL	14 and 15
Dean Curtland ¹	FPL	10, 27
Gerard J. Yupp	FPL	2A-2D, 2F, 5-10
Scott R. Bores	FPL	8 and 9
Rena B. Deaton	FPL	5-10, 2E, 24-33
Curtis D. Young	FPUC	7 and 8
Michelle Napier	FPUC	9, 10, 16-20, and 31-33
P. Mark Cutshaw	FPUC	9 and 10
M. Ashley Sizemore	TECO	4C, 5-10, 16-20, and 24-33
Patrick A. Bokor	TECO	14, 15, and 16
Benjamin F. Smith	TECO	16 and 28
John C. Heisey	TECO	4A, 4B, 4C, and 16
Penelope A. Rusk	TECO	8-10, 16, 18, 20

VII. BASIC POSITIONS

DEF: Not applicable. DEF's positions on specific issues are listed below.

FPL: FPL's 2023 Fuel and Purchased Power Cost Recovery factors and Capacity Cost Recovery factors are appropriate and reasonable and should be approved. FPL's

¹ Dean Curtland filed direct and rebuttal testimony and Gerard J. Yupp filed rebuttal testimony on behalf of FPL addressing Issues 2G-2J concerning replacement power costs associated with outages at FPL's nuclear power plants in 2020, 2021, and 2022. Richard Polich filed testimony on behalf of OPC addressing those same issues. Due to the fact that these issues have been deferred, the testimony of Dean Curtland dated April 1, 2022, July 27, 2022, September 2, 2022 from page 3, line 17 to page 6, line 19, and September 27, 2022, have not been included. Likewise, the testimony of Richard Polich and the rebuttal testimony of Gerard Yupp have not been included.

proposed FCR factors for the period January 2023 through December 2023 reflect the recovery of projected total net fuel costs of \$5,006,260,583. This amount includes a consolidated 2021 final true-up for pre-consolidated FPL and pre-consolidated Gulf Power Company, the consolidated Generating Performance Incentive Factor (“GPIF”) reward, FPL’s 2023 projected fuel costs, FPL’s portion of the 2021 Jurisdictional Asset Optimization Gains, and the projected 2023 FPL SolarTogether Credit. The \$5,006,260,583 projected total net fuel cost does not include any portion of FPL’s 2022 under-recovery. Due to conditions and international events that have sharply impacted the natural gas market, FPL will continue to update its fuel cost calculation with additional data reflecting actual gas prices, actual sales and actual revenues. At the appropriate time toward the end of 2022 or beginning of 2023, FPL will file a request for recovery based on an updated calculation, to be considered by the Commission.

FPL’s proposed CCR factors for the period January 2023 through December 2023 reflect the recovery of projected total net capacity costs of \$248,581,801. This amount includes the consolidated 2021 final true-up, the 2022 actual/estimated under-recovery, and FPL’s 2023 projected fuel costs.

In addition, FPL’s 2023 Risk Management Plan and GPIF targets and ranges are reasonable and should be approved.

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.

TECO: The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery, and GPIF true-up and projection calculations, including the proposed fuel adjustment factor of 4.832 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage; the company's proposed capacity factor for the period January through December 2023; a GPIF reward of \$546,170 for performance during 2021 and the company’s proposed GPIF targets and ranges for 2023.

OPC: The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Interveners provide evidence to the contrary. Further, the utilities have the burden to prove they have dispatched generation, operated and maintained plants, and incurred fuel costs in the most efficient and prudent manner. Regardless of

whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC does not agree, given these circumstances, that the overall costs proposed for recovery can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023.

FIPUG: Only reasonable and prudent costs legally authorized and reviewed for prudence should be recovered through the fuel clause. FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies or other relief sought in this proceeding.

The current economic times, characterized by high inflation, increased interest rates, and projections and indicia of a recession, make this a challenging time to customers' electric rates. However, for planning purposes, FIPUG members and other electric utility customers should be provided a full and complete understanding, as soon as possible, how the under-recovery of natural gas fuel costs for calendar year 2022 will be handled in 2023 and the extent of those under-recovered sums.

FRF: The Commission's task in the Fuel Docket, as in all ratemaking proceedings, is to ensure that the rates charged by Florida public utilities are fair, just, reasonable, non-discriminatory, and neither insufficient nor excessive. In this context, Florida public utilities are only allowed to recover reasonable and prudent costs that are fully authorized by Florida Statutes, Commission rules, and Commission orders through their Fuel Cost Recovery and Capacity Cost Recovery charges (collectively herein, "Fuel Charges"). The utilities bear the burden of proof that their proposed Fuel Charges satisfy the statutory criteria articulated above.

All four of the public utilities ("IOUs") whose Fuel Charges are to be set in this docket are proposing increases in their Fuel Charges for 2023. Similarly, all four have projected fuel cost under-recoveries (part-year actual and part-year estimated) for 2022 that are very large relative to their projected 2022 fuel costs and also relative to their projected 2023 fuel costs. The best information available at this time on the amounts of the utilities' 2022 under-recoveries appears to be the following values filed by the utilities:

FPL: \$1,658,287,443 (FPL Actual/Estimated True-Up Calculation, PSC Doc. No. 05039-2022 at paragraph 2, filed July 27, 2022)

DEF: \$1,281,704 (DEF Exh. GPD-3, Part 2, page 1 of 1)

TECO: \$411,964,625 (TECO Prehearing Statement)

FPUC: \$15,443,447 (FPUC Petition at page 3)

However, only Florida Public Utilities Company (FPUC), is proposing to begin recovery of its 2022 fuel cost under-recovery in January 2023. DEF proposes to only recover some \$175 million (about 13 percent) of its under-recovery pursuant to previous Commission approvals. FPL simply states that the amount of its 2022 under-recovery is “Not applicable at this time”, because it intend to recover it next year pursuant to a yet-to-be published plan. Tampa Electric acknowledges the amount of its under-recovery but does not propose to recover any of that amount through this proceeding. FPL, DEF, and TECO have stated that they propose to hold off on recovery because of volatility in the fuel costs, but only until early 2023.

The Public Counsel takes the rational position that if the utilities cannot say with relative certainty what their 2022 costs are, particularly where at least nine months of the 2022 cost data are now known, they cannot logically claim to know that their 2023 costs are sufficient to meet the standards of evidence applicable under the Administrative Procedure Act.

This Fuel Cost Recovery Docket is designed to set the IOUs’ Fuel and Purchased Power Cost Recovery Charges for 2023. Through this proceeding, customers of all types – residential, commercial, industrial, governmental, and institutional – have a need and a legitimate right to know what their 2023 fuel charges will be **and** the factual cost basis for those charges. The FRF, other parties, and indeed the Commission itself have long supported the “matching principle” in ratemaking: as applied to Fuel Charges, the matching principle would require that rates recover costs incurred as closely as is reasonably feasible to when those costs are incurred. The IOU’s proposals violate this principle egregiously.

The IOUs’ proposed Fuel Charges for 2023, however, do not fully address the fuel costs for which they will seek, apparently in early 2023, additional increases in their Fuel Charges due to their substantial under-recoveries already incurred in 2022 plus additional under-recoveries that they expect to incur in the remaining months of this year (as reflected in their filings submitted to the Commission on July 27, 2022).

The FRF would have preferred that the utilities begin recovery of the IOUs’ known, outstanding, and burgeoning under-recoveries earlier, e.g., beginning in the second quarter of this year, promptly after the IOUs recognized that they were already facing under-recoveries of such magnitude as to require filings pursuant

to the Commission's Mid-Course Correction Rule No. 25-6.0424, F.A.C. Beginning recovery in a timely way would have followed the matching principle and would have informed customers of the actual costs of their electric service as they were receiving it.

Notwithstanding the sound reasoning of the OPC's position, putting off the inevitable is not an appropriate remedy for the problem at hand. The FRF urges two things: first, that the Commission should do what the IOUS should have done this past spring, i.e., require the IOUs to begin collecting, in the Fuel Charges set in this proceeding, at least a reasonable portion of their 2022 under-recoveries. Indeed, at least FPUC has proposed to begin recovery of its 2022 under-recovery in January. In the absence of better information, the FRF suggests that FPL, DEF, and TECO should be required to begin collecting at least 25 percent of their 2022 under-recoveries beginning in January. This still fails the matching principle, somewhat miserably at that, but it will be a start toward more cost-based Fuel Charges and will lessen the future "rate shock" that looms when the IOUs decide to file their plans. Second, the FRF urges the Commission to require that the public utilities take all reasonable measures to mitigate those under-recoveries and to mitigate impacts on customers consistent with the fundamental requirements that rates must be fair, just, and reasonable. Among such potential mitigation measures, the FRF agrees with the Public Counsel that the IOUs should bear the carrying charges on the amounts that they voluntarily decided not to recover from the time that they knew the under-recoveries were real and significant.

PCS

Phosphate: Only costs prudently incurred and legally authorized may be recovered through the fuel clause. Florida electric utilities, including in particular Duke Energy Florida, LLC ("DEF"), must satisfy the burden of proving the reasonableness of any expenditures for which recovery or other relief is sought in this proceeding.

The consumer rate impacts of DEF's proposed increased fuel factors for 2023 are significant. DEF's proposed fuel factors represent an approximately 30% increase over current fuel clause rates. The proposed increase in the fuel factor will produce a more than 11% increase in the average residential bill,² and the bill impacts on high load factor customers will be greater. The proposed fuel factors, however, fail to fully address DEF's fuel costs for which rate recovery will be requested. As shown in its filing, DEF now estimates a total fuel cost under-recovery for 2022 of \$1.3 billion.³ Currently, the utility seeks to recover \$175.8 million in its proposed factors (representing 2022 under-recovery amounts previously approved by the Commission), but this leaves more than \$1.1 billion in 2022 cost under-recoveries still to be addressed.

² See DEF Schedule E10, Exhibit GPD-3, part 2.

³ See DEF Schedule E1-A, Exhibit GPD-2, part 2, p. 1.

PCS is fully aware of the substantial increases in underlying fuel costs that are driving this circumstance and is generally in accord with DEF's proposal to continue to monitor volatile fuel prices before finally reconciling its deficit. We are nonetheless concerned by the extent to which the already high proposed DEF factors materially under-state the fuel clause factors that will actually be implemented in 2023 once "the other shoe drops" on a remaining 2022 deficit that exceeds a billion dollars. The estimated remaining \$1.1 billion is approximately 45% of DEF's proposed total 2023 fuel cost budget of \$2.4 billion.⁴ This means that DEF customers can anticipate considerable additional rate increases. In these circumstances, the Commission should require DEF to take all reasonable measures to mitigate those under-recoveries and to mitigate consumer rate impacts.

NUCOR: Nucor's basic position is that Duke Energy Florida, LLC ("DEF") bears the burden of proof to justify the costs it seeks to recover through the fuel clause and any other relief DEF requests in this proceeding.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

VIII. ISSUES AND POSITIONS

I. FUEL ISSUES

Duke Energy Florida, LLC

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

DEF: Yes. (McClay)

FPL: No position stated.

FPUC: No position.

TECO: No position stated.

OPC: No.

FIPUG: No.

⁴ See DEF Schedule E1, Exhibit GPD-3, part 2.

FRF: No.

PCS

Phosphate: No.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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?**

DEF: \$31,356,459. (Dean)

FPL: No position stated.

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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?**

DEF: No adjustments are needed as DEF's actions leading up to and in response to the outages were at all times reasonable and prudent. (Dean, Salvarezza)

FPL: No position stated.

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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

DEF: On July 7, 2022, the Florida Supreme Court issued its Opinion finding that DEF was entitled to collect the full amount of replacement power at issue. Then, on August 25, 2022, the Supreme Court denied OPC and FIPUG's joint motion for reconsideration. As such, the appellate review has been completed, and the Commission should enter an order permitting DEF to recover its replacement power costs. However, because the costs were collected previously, there is no impact to DEF's requested fuel cost recovery in this docket or its proposed fuel cost recovery factor. (Dean)

FPL: No position stated.

FPUC: No position.

TECO: No position stated.

OPC: This issue is moot.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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

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

FPL: No position stated.

FPUC: No position.

TECO: No position stated.

OPC: This issue may be premature given the Supreme Court schedule.

FIPUG: No position stated.

FRF: No position.

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

ISSUE 1F: 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)

FPL: No position stated.

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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?**

DEF: No adjustments are needed as DEF's action leading up to and in response to the outage were at all times reasonable and prudent. (Dean, Salvarezza)

FPL: No position stated.

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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?

DEF: No position.

FPL: FPL's asset optimization activities in 2021 delivered total gains of \$63,092,506. Of the total gains, FPL is allowed to retain \$13,855,504 (system). (Yupp)

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

**PCS
Phosphate:** No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?

DEF: No position.

FPL: The amount of Incremental Optimization Costs for Personnel, Software, and Hardware Costs that FPL should be allowed to recover through the fuel clause is \$495,972 for the period January 2021 through December 2021. (Yupp)

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?**

DEF: No position.

FPL: The amount of Incremental Optimization Costs under the Asset Optimization Program that FPL should be allowed to recover through the fuel clause for variable power plant O&M attributable to off-system sales for the period January 2021 through December 2021 is \$2,103,997. (Yupp)

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?

DEF: No position.

FPL: FPL has included a credit of \$256,452 as the amount of Incremental Optimization Costs under the Asset Optimization Program for variable power plant O&M avoided due to economy purchases for the period January 2021 through December 2021. The Commission should authorize FPL to flow this credit to customers through the fuel clause. (Yupp)

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?

DEF: No position.

FPL: \$143,020,130. (Deaton)

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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

DEF: No position.

FPL: Yes. FPL's 2023 Risk Management Plan complies with the Hedging Guidelines established by this Commission and should be approved. (Yupp)

FPUC: No position.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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

DEF: No position.

FPL: FPL's methodology for calculating replacement power costs is based on the actual generation mix and fuel cost data for the applicable period. The replacement costs are derived using actual fuel cost data as reported. The fuel cost data is

converted to a weighted average dollar per MWh replacement value based on the proportion of all other fuels that were used to generate replacement power during the outage period. Fixed costs associated with natural gas are removed from the total natural gas costs prior to being incorporated into the weighted average allocation because these costs would have been incurred regardless of whether the outage occurred. This unit replacement value is applied to all of the outage MWh to derive the gross replacement power costs. FPL then subtracts nuclear fuel costs that would have been incurred, “but for” the outage, to arrive at the total net replacement power costs. The data that is used for this calculation is verifiable by reviewing the A-Schedules. The methodology is sound, auditable, and appropriate for this purpose. (Yupp)

FPUC: No position.

TECO: No position stated.

OPC: No position at this time. To be deferred.

FIPUG: Adopt position of OPC.

FRF: This issue has been deferred.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?**

DEF: No position.

FPL: Yes. FPL acted prudently with respect to each of the unplanned outages that occurred during 2020, as discussed in the testimony of FPL witness Dean Curtland. With respect to the July 2020 exciter event disputed by the Office of Public Counsel witness Polich, FPL engaged a highly skilled vendor that was the original equipment manufacturer specializing in exciter-related work and performed for many years with a proven track record. In addition, FPL performed appropriate verifications and inspections consistent with industry standards. The Commission has consistently based clause recovery of replacement fuel costs on whether a utility’s actions were prudent in the circumstances that led to the need

for replacement power. Therefore, the replacement power costs in question should be recovered through the fuel cost recovery clause and no adjustments are necessary. (Curtland)

FPUC: No position.

TECO: No position stated.

OPC: No. The utility bears the burden of proof for recovery of costs claimed. At this time, FPL has not demonstrated that its actions related to the outages were reasonable and prudent, or that replacement power costs should be borne by customers. To be deferred.

FIPUG: Adopt position of OPC.

FRF: This issue has been deferred.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?**

DEF: No position.

FPL: Yes. FPL acted prudently with respect to each of the unplanned outages that occurred during 2021, as discussed in the testimony of FPL witness Dean Curtland. With respect to the March 2021 cell switch event disputed by Mr. Polich, FPL implemented appropriate maintenance procedures on the cell switches consistent with industry standards. The Commission has consistently based clause recovery of replacement fuel costs on whether a utility's actions were prudent in the circumstances that led to the need for replacement power. No adjustments are needed for the replacement power costs associated with the unplanned outages that occurred during 2021. Therefore, the replacement power costs should be recovered through the fuel cost recovery clause. (Curtland)

FPUC: No position.

TECO: No position stated.

OPC: No. The utility bears the burden of proof for recovery of costs claimed. At this time, FPL has not demonstrated that its actions related to the outages were reasonable and prudent, or that replacement power costs should be borne by customers. To be deferred.

FIPUG: Adopt position of OPC.

FRF: This issue has been deferred.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?**

DEF: No position.

FPL: Yes. FPL acted prudently with respect to each of the unplanned outages that occurred during 2022, as discussed in the testimony of FPL witness Dean Curtland. The Commission has consistently based clause recovery of replacement fuel costs on whether a utility's actions were prudent in the circumstances that led to the need for replacement power. No adjustments are needed for the replacement power costs associated with the unplanned outages that occurred during 2022. Therefore, the replacement power costs should be recovered through the fuel cost recovery clause. (Curtland)

FPUC: No position.

TECO: No position stated.

OPC: No. The utility bears the burden of proof for recovery of costs claimed. At this time, FPL has not demonstrated that its actions related to the outages were reasonable and prudent, or that replacement power costs should be borne by customers. To be deferred.

FIPUG: Adopt position of OPC.

FRF: This issue has been deferred.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

Florida Public Utilities Company

ISSUE 3A: **Should the Commission approve FPUC's request to apply its parent company, Chesapeake Utilities Corporation's projected short-term cost rate to its deferred 2022 fuel cost balance?**

DEF: No position.

FPL: No position.

FPUC: Yes, if the Commission accepts the Company's proposal to recover its projected 2022 under-recovery over three years, FPUC should be allowed to apply interest on the deferred balance at the parent Company's short-term debt rate, given the extended recovery period. If the Company is not allowed to apply the parent's short-term debt rate, it will be unable to recover its actual cost of debt on the substantial, outstanding deferred fuel cost balance. If allowed, the Company would apply the sort-term debt rate only to the deferred 2022 under-recovery balance, which would be reflected in future true-ups. The Company would otherwise apply the non-financial commercial paper rate to new balances and in the calculation of future cost recovery factors. If, over the three-year recovery period, the non-financial commercial paper rate surpasses the Company's short-term debt cost rate, FPUC would revert to calculating interest utilizing the non-financial commercial paper rate. (Napier)

TECO: No position stated.

OPC: The OPC does not agree that the short term debt rate should apply to the unrecovered balance for the period from January 1, 2022 through December 31, 2023. A zero cost rate should be applied to any unrecovered balance for the duration of any period voluntarily deferred by the company. The rate applicable to the unrecovered balance for the first twelve months of any period of actual recovery should be no more than the Commercial Paper rate.

FIPUG: Adopt position of OPC.

FRF: A zero cost rate should apply to the unrecovered balances of FPUC's under-recovery for the period January 1, 2022 through December 31, 2022, because FPUC decided voluntarily not to seek recovery of its burgeoning fuel cost under-

recovery during this period. The carrying charge rate applicable to the unrecovered balance for the first twelve months of any period of actual recovery, in FPUC's case January 1- December 31, 2023, should be no more than the Commercial Paper rate.

PCS

Phosphate: Agree with OPC.

NUCOR: No position.

STAFF: No position at this time.

Gulf Power Company

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

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?

DEF: No position.

FPL: No position stated.

FPUC: No position.

TECO: The total gain for the period January 2021 through December 2021 under the Optimization Mechanism approved by Order No. PSC-2017-0456-S-EI is \$13,439,732. Customers should receive \$8,619,866, and Tampa Electric should receive \$4,819,866. (Heisey)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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

DEF: No position.

FPL: No position stated.

FPUC: No position.

TECO: Yes. Tampa Electric's 2023 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Heisey)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?

DEF: No position.

FPL: No position stated.

FPUC: No position.

TECO: The appropriate adjustment is a reduction of \$104,000. (Sizemore, Heisey)

OPC: No position.

FIPUG: No position stated.

FRF: No position.

PCS
Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

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?**

DEF: \$1,909,411. (Dean)

FPL: FPL's revised Asset Optimization Program approved by the Commission in Order No. PSC-16-0560-AS-EI does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI, so it is not applicable to FPL for calendar year 2021. (Yupp)

FPUC: No position.

TECO: The company did not set an actual benchmark level for calendar year 2022. Pursuant to Tampa Electric's Settlement Agreement, approved in Order No. PSC-2021-0423-S-EI, the company's Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Sizemore)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS
Phosphate: No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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?**

DEF: \$2,379,586. (Dean)

FPL: The Asset Optimization Program approved in the 2021 Rate Settlement Agreement in Docket No. 20210015-EI does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI, so it would not be applicable to FPL for calendar year 2023. (Yupp)

FPUC: No position.

TECO: The company did not set an estimated benchmark level for calendar year 2023. Pursuant to Tampa Electric's Settlement Agreement approved by Order No. PSC-2021-0423-S-EI, the company's Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Sizemore)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

**PCS
Phosphate:** No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

DEF: \$2,934,170 over-recovery. (Dean)

FPL: \$10,256,384 over-recovery. (Deaton)

FPUC: 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.⁵ 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.

TECO: \$0. (Sizemore)

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, with the costs proposed for final true-up.

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

DEF: \$175,789,361 under-recovery, which includes \$123,418,788 from the Rate Mitigation Plan approved in Order No. PSC-2021-4025-FOF-EI and \$52,370,573 of the midcourse correction amount of \$314,223,437 approved in Order No. PSC-2022-0061-PCO-EI. DEF will continue to monitor the volatile natural gas market and make an appropriate filing later in 2022 or early 2023 to recover the remaining balance. (Dean)

FPL: Not Applicable at this time. FPL has elected to defer its 2022 actual/estimated true-up under-recovery at this time. (Bores)

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

TECO: \$411,964,625 under-recovery. (Sizemore)

⁵ See Order No. PSC-2022-0280-PCO-EI, issued July 20, 2022, in Docket No. 20220001-EI.

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023. The OPC takes no position on this issue with regard to FPUC.

FIPUG: Adopt position of OPC.

FRF: The best information available as to the IOU's actual/estimated true-up amounts for January 2022 through December 2022 are as follows:

FPL: \$ 1,658,287,443 (FPL Actual/Estimated True-Up Calculation, PSC Doc. No. 05039-2022 at paragraph 2, filed July 27, 2022)

DEF: \$ 1,281,704,170 (DEF Exh. GPD-3, Part 2, page 1 of 1)

TECO: \$ 411,964,625 (TECO Prehearing Statement at page 4)

FPUC: \$ 15,443,447 (FPUC Petition at page 3)

Please note that this statement applies to what the true-up amounts are, i.e., the best estimates available of the amounts by which the IOUs under-estimated and under-recovered their 2022 fuel costs. This position statement does not represent the FRF's position as to the amount of the IOUs' 2022 under-recoveries that should be included in 2023 Fuel Charges

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

- DEF:** \$175,789,361 under-recovery, which includes \$123,418,788 from the Rate Mitigation Plan approved in Order No. PSC-2021-4025-FOF-EI and \$52,370,573 of the midcourse correction amount of \$314,223,437 approved in Order No. PSC-2022-0061-PCO-EI. (Dean)
- FPL:** \$10,256,384 over-recovery for 2021. FPL has elected to defer its 2022 actual/estimated true-up under-recovery at this time. (Deaton, Bores)
- FPUC:** 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.
- TECO:** \$0. The natural gas prices remain heavily volatile, and the 2022 under-recovery could change materially over the remainder of the calendar year. Consequently, the company did not include the currently projected under-recovery for 2022 in the 2023 factors. (Sizemore)
- OPC:** The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023. The OPC takes no position on this issue with regard to FPUC, except as modified by our position on Issue 3A.
- FIPUG:** Adopt position of OPC.
- FRF:** To provide better information to customers and to improve consistency with the matching principle, the Commission should require FPL, DEF, and TECO to begin recovering, in January 2023, at least 25 percent of their 2022 fuel cost under-recoveries as reported to the Commission. Recovery of the utilities'

additional 2022 under-recoveries in 2023 can be implemented pursuant to Commission action on the IOUs' plans that they plan to file in January.

PCS

Phosphate: Agree with Public Counsel.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

DEF: \$2,266,708,676 which is adjusted for line losses and excludes prior period true-up, GPIF and CEC Bill Credits. (Dean)

FPL: \$4,853,323,306 jurisdictionalized and adjusted for line losses, excluding prior period true-ups, FPL's portion of Asset Optimization Program gains, FPL's projected 2023 SolarTogether Credit amount and the GPIF reward. (Deaton, Curtland, Yupp)

FPUC: 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)

TECO: The total recoverable fuel and purchased power recovery amount to be collected, adjusted by the jurisdictional separation factor, is \$956,732,804. (Sizemore)

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023. The OPC takes no position on this issue with regard to FPUC, except as modified by our position on Issue 3A.

FIPUG: Adopt position of OPC.

FRF: With the understanding that this Issue 10 asks only for the **amounts** of the IOUs' fuel and purchased power costs, and **not** the **amounts to be recovered** in the IOUs' fuel cost factors in 2023, which is addressed in Issue 16 below, the FRF states that it does not object to the IOUs' values for their 2023 fuel and purchased power cost amounts as stated in the Prehearing Order.

PCS

Phosphate: No position at this time.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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 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.

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 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?

DEF: \$206,463 penalty. (Lewter-Jenkins)

FPL: \$6,994,619 net reward, comprised of the GPIF reward of \$8,151,853 for pre-consolidated FPL and the GPIF penalty of \$1,157,234 for pre-consolidated Gulf Power Company. (Rote)

FPUC: No position.

TECO: A reward in the amount of \$546,170 for January 2021 through December 2021 performance to be applied to the January 2023 through December 2023 period. (Bokor)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: Agree with the Public Counsel.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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?

DEF: The appropriate targets and ranges are shown on Page 4 of Exhibit MIJ-1P filed on September 2, 2022 with the Direct Testimony of Mary Ingle Lewter-Jenkins. (Lewter-Jenkins)

FPL: FPL's GPIF targets and ranges for January 2023 through December 2023 are:

Plant/Unit	EAF			ANOHR		
	Target	Maximum		Target	Maximum	
	EAF (%)	EAF (%)	Savings (\$000)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000)
Cape Canaveral 3	90.9	93.4	404	6,734	6,829	2,810
Ft. Myers 2	88.4	90.9	396	7,139	7,258	6,114
Manatee 3	84.5	87.0	519	6,935	7,190	9,852
Martin 8	82.3	84.8	414	6,995	7,108	3,593
Okeechobee 1	90.8	93.3	741	6,355	6,442	5,866
Port Everglades 5	82.5	85.0	742	6,675	6,763	3,501
Riviera 5	89.8	92.3	422	6,643	6,729	3,434
St. Lucie 1	93.6	96.6	9,115	10,427	10,521	364
St. Lucie 2	84.8	87.8	7,870	10,307	10,405	281
Turkey Point 3	82.8	85.8	7,635	10,522	10,681	536
Turkey Point 4	83.2	86.2	7,822	10,807	11,190	1,271
Turkey Point 5	85.3	87.8	450	7,225	7,323	2,714
West County 1	82.2	85.2	665	7,058	7,222	5,685
West County 2	87.3	89.8	612	6,867	6,952	3,797
West County 3	73.1	75.6	588	6,920	7,026	3,678

(Rote)

FPUC: No position.

TECO: The appropriate targets and ranges are shown in Exhibit No. __ (PAB-2) to the prefiled testimony of Mr. Patrick A. Bokor. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and modified in 2006 by Commission Order No. PSC-2006-1057-FOF-EI in Docket No. 20060001-EI. (Bokor)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position at this time.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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?**

DEF: \$2,473,648,033. (Dean)

FPL: \$5,006,260,583 including prior period true-ups, FPL's portion of Asset Optimization gains, FPL's 2023 SolarTogether Credit amount and the GPIF reward. (Deaton)

FPUC: 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)

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2023 through December 2023, adjusted by the jurisdictional separation factor, is \$956,732,804. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up, optimization mechanism, and GPIF, adjusted for the revenue tax factor, is \$962,791,158. (Sizemore, Heisey, Bokor, Smith)

OPC: The OPC does not agree, under the circumstances, that the overall costs proposed for recovery can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023. The OPC takes no position on this issue with regard to FPUC, except as modified by our position on Issue 3A.

FIPUG: Adopt position of OPC.

FRF: The appropriate amounts to be recovered beginning in January 2023 are those determined by the Commission to be appropriate by its decisions on Issue 10 (2023 estimated fuel and purchased power costs), Issue 7 (2021 true-up), Issue 9 (2022 true-up amount to be recovered starting January 2023), and Issue 14 (GPIF reward or penalty). The amounts to be recovered in connection with the IOUs' 2022 true-up amounts should not include any carrying costs for the period of 2022 when the IOUs voluntarily decided not to seek recovery of their known burgeoning under-recoveries.

In addition to its position on Issue 3A that FPUC should not be allowed to recover carrying charges on the amounts for which it voluntarily decided not to seek recovery in 2022 when it knew of the under-recoveries, the FRF would prefer that FPUC recover its 2022 under-recovery over 2 years rather than 3 years because such recovery is more consistent with the matching principle.

PCS

Phosphate: No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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?**

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)

FPL: 0%. FPL's 2021 Settlement Agreement removed the Regulatory Assessment Fee from base and clause rates and added it in the Gross Receipts Tax line item. (Deaton)

FPUC: The appropriate tax revenue factor is 1.00072. (Napier)

TECO: The appropriate revenue tax factor is 1.00072. (Sizemore)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

DEF: 6.257 cents/kWh (adjusted for jurisdictional losses). (Dean)

FPL: The appropriate levelized factor is 4.036 cents/kWh. (Deaton)

FPUC: The appropriate factor is 8.976¢ per kWh. (Napier)

TECO: The appropriate factor is 4.825 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Sizemore)

OPC: The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023. The OPC takes no position on this issue with regard to FPUC, except as modified by our position on Issue 3A.

FIPUG: Adopt position of OPC.

FRF: The levelized fuel cost recovery factors proposed by the IOUs are not accurate and not appropriate. The appropriate levelized fuel cost recovery factors for January-December 2023 are those obtained by dividing the amounts to be recovered as determined pursuant to Issue 16 by the IOUs' total projected retail sales for 2023.

PCS

Phosphate: Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

FPL: The appropriate fuel cost recovery line loss multipliers are provided in response to Issue No. 20. (Deaton)

FPUC: The appropriate line loss multiplier is 1.0000. (Napier)

TECO: The appropriate fuel recovery line loss multipliers are as follows:

<u>Metering Voltage Schedule</u>	<u>Line Loss Multiplier</u>
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

(Sizemore)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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	--	--	6.141	7.541	6.178	4.581
B	Distribution Primary	--	--	6.203	7.617	6.240	4.627
C	Distribution Secondary	5.961	7.031	6.266	7.695	6.304	4.674
D	Lighting Secondary	--	--	5.865	--		--

(Dean)

FPL:

GROUPS	RATE SCHEDULE	Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
A	RS-1 first 1,000 kWh	4.036	1.00283	3.745
A	RS-1 all additional kWh	4.036	1.00283	4.745
A	GS-1, SL-2, SL-2M, GSCU-1	4.036	1.00283	4.047
A-1	SL-1, SL-1M, OL-1, PL-1 (1), LT-1, OS VII ⁽¹⁾	3.972	1.00283	3.983
B	GSD-1, GSD-1EV	4.036	1.00276	4.047
C	GSLD-1, GSLD-1EV, CS-1	4.036	1.00168	4.043
D	GSLD-2, CS-2, OS-2, MET	4.036	0.99393	4.012
E	GSLD-3, CS-3	4.036	0.97235	3.924
A	GST-1 On-Peak	4.355	1.00283	4.367
A	GST-1 Off-Peak	3.899	1.00283	3.910
A	RTR-1 On-Peak			0.320
A	RTR-1 Off-Peak			(0.137)
B	GSDT-1, CILC-1(G), SST-1D(1), HLFT-1 On-Peak	4.355	1.00276	4.367
B	GSDT-1, CILC-1(G), SST-1D(1), HLFT-1 Off-Peak	3.899	1.00276	3.910
C	GSLDT-1, CST-1, SST-1D(2), HLFT-2 On-Peak	4.355	1.00168	4.362
C	GSLDT-1, CST-1, SST-1D(2), HLFT-2 Off-Peak	3.899	1.00168	3.906
D	GSLDT-2, CST-2, SST-1D(3), HLFT-3 On-Peak	4.355	0.99420	4.330
D	GSLDT-2, CST-2, SST-1D(3), HLFT-3 Off-Peak	3.899	0.99420	3.876
E	GSLDT-3, CST-3, CILC-1(T), SST-1(T), ISST-1(T) On-Peak	4.355	0.97235	4.235
E	GSLDT-3, CST-3, CILC-1(T), SST-1(T), ISST-1(T) Off-Peak	3.899	0.97235	3.791
F	CILC-1(D), ISST-1(D) On-Peak	4.355	0.99448	4.331
F	CILC-1(D), ISST-1(D) Off-Peak	3.899	0.99448	3.877

⁽¹⁾Weighted average 16% on-peak and 84% off-peak

GROUPS	RATE SCHEDULE	Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
B	GSD(T)-1 On-Peak	5.368	1.00276	5.383
B	GSD(T)-1 Off-Peak	3.866	1.00276	3.877
C	GSLD(T)-1 On-Peak	5.368	1.00168	5.377
C	GSLD(T)-1 Off-Peak	3.866	1.00168	3.873
D	GSLD(T)-2 On-Peak	5.368	0.99420	5.337
D	GSLD(T)-2 Off-Peak	3.866	0.99420	3.844

(Deaton)

FPUC: 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:

Rate Schedule

Adjustment

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
GS	\$0.15797	\$0.06797
GSD	\$0.15201	\$0.07951
GSLD	\$0.16937	\$0.07937
Interruptible	\$0.09437	\$0.10937

TECO: The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>	
Secondary	4.832	
RS Tier I (Up to 1,000 kWh)	4.525	
RS Tier II (Over 1,000 kWh)	5.525	
Distribution Primary	4.784	
Transmission	4.735	
Lighting Service	4.767	
Distribution Secondary	5.179	(on-peak)
	4.683	(off-peak)
Distribution Primary	5.127	(on-peak)
	4.636	(off-peak)
Transmission	5.075	(on-peak)
	4.589	(off-peak)
(Sizemore)		

OPC: The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023. The OPC takes no position on this issue with regard to FPUC, except as modified by our position on Issue 3A.

FIPUG: Adopt position of OPC.

FRF: The fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses proposed by the IOUs are not accurate and not appropriate. The appropriate rate class/voltage level fuel cost recovery factors for January-December 2023 are those obtained by calculating the factors based on the total allowable costs pursuant to Issue 16 and the IOUs' billing determinants for each rate class and voltage level for 2023.

PCS

Phosphate: Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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?

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

FPL: No position.

FPUC: No position stated.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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?

DEF: The Commission should approve a \$1,144,593 credit through the capacity clause for the final cost true-up for the Duette project. (Dean)

FPL: No position.

FPUC: No position stated.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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

DEF: The Commission should approve \$19,328,945 to be collected through the capacity clause pursuant to the 2021 Settlement Agreement approved in Order No. PSC-2021-0202-AS-EI. The \$19.3 million is the difference between the \$173.1 million spent fuel claim and DOE award of \$153.84 million. (Dean)

FPL: No position.

FPUC: No position stated.

TECO: No position stated.

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: Agree with OPC.

STAFF: Staff has no position at this time.

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?

DEF: \$2,850,425 over-recovery. (Dean)

FPL: \$303,310 under-recovery. (Deaton)

FPUC: No position.

TECO: \$0. (Sizemore)

OPC: No. The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate.

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

PCS

Phosphate: Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

DEF: \$3,896,674 over-recovery. (Dean)

FPL: \$2,922,069 under-recovery. (Deaton)

FPUC: No position.

TECO: \$3,967,826 over-recovery. (Sizemore)

OPC: No. The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

PCS

Phosphate: Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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?**

DEF: \$6,747,100 over-recovery. (Dean)

FPL: \$3,225,379 under-recovery. (Deaton)

FPUC: No position.

TECO: \$3,967,826 over-recovery. (Sizemore)

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate.

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

**PCS
Phosphate:** Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

DEF: \$458,620,998. (Dean)

FPL: \$245,356,422 jurisdictional for the period January 2023 through December 2023, excluding current and prior period true-ups. (Deaton)

FPUC: No position.

TECO: The projected total capacity cost recovery amount for the period January 2023 through December 2023 is \$846,862. (Sizemore)

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate.

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

PCS

Phosphate: No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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?**

DEF: \$458,753,735. (Dean)

FPL: The projected net purchased power capacity cost recovery amount to be recovered over the period January 2023 through December 2023 is \$248,581,801, including current and prior period true-ups. (Deaton)

FPUC: No position.

TECO: The total recoverable capacity cost recovery amount to be collected, including the true-up amount, adjusted for the revenue tax factor, is (\$3,123,211). (Sizemore, Smith)

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate.

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

PCS

Phosphate: Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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 2023?**

DEF: Base – 97.403%, Intermediate – 92.637%, Peaking – 95.110%, consistent with the 2021 Settlement approved in Order No. PSC-2021-0202-AS-EI. (Dean)

FPL:

ENERGY

Retail Energy Jurisdictional Factor - Base/Solar	95.8159%
Retail Energy Jurisdictional Factor - Intermediate	94.5063%
Retail Energy Jurisdictional Factor - Peaking	95.7054%

DEMAND

Retail Demand Jurisdictional Factor - Transmission	89.9282%
Retail Demand Jurisdictional Factor - Base/Solar	96.0478%
Retail Demand Jurisdictional Factor - Intermediate	95.4028%
Retail Demand Jurisdictional Factor - Peaking	95.3285%
Retail Demand Jurisdictional Factor - Distribution	100.0000%

GENERAL PLANT

Retail General Plant Jurisdictional Factor - Labor (Deaton)	96.7270%
---	----------

FPUC: No position.

TECO: The appropriate jurisdictional separation factor is 1.0000000. (Sizemore)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: No position.

PCS

Phosphate: No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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

DEF:

Rate Class	Jan-Dec 2023 CCR Factor
Residential	1.328 cents/kWh
General Service Non-Demand	1.173 cents/kWh
@ Primary Voltage	1.161 cents/kWh
@ Transmission Voltage	1.150 cents/kWh
General Service 100% Load Factor	0.822 cents/kWh
General Service Demand	3.37 \$/kW-month
@ Primary Voltage	3.34 \$/kW-month
@ Transmission Voltage	3.30 \$/kW-month
Curtaillable	1.67 \$/kW-month
@ Primary Voltage	1.65 \$/kW-month
@ Transmission Voltage	1.64 \$/kW-month
Interruptible	2.69 \$/kW-month
@ Primary Voltage	2.66 \$/kW-month
@ Transmission Voltage	2.64 \$/kW-month
Standby Monthly	0.325 \$/kW-month
@ Primary Voltage	0.322 \$/kW-month
@ Transmission Voltage	0.319 \$/kW-month
Standby Daily	0.155 \$/kW-month
@ Primary Voltage	0.153 \$/kW-month
@ Transmission Voltage	0.152 \$/kW-month
Lighting	0.341 cents/kWh

(Dean)

FPL: If FPL’s Amended Petition to Approve Refund and Rate Reduction Resulting from Implementation of Inflation Reduction Act, filed in Docket 20220165-EI, is approved, FPL’s capacity cost recovery factors for January 2023 should reflect the one-time refund to customers as set forth in that Docket (Sixtieth Revised Sheet No. 8.030). FPL’s capacity cost recovery factors for the period February 2023 through December 2023 are set forth in FPL Table 30-2.

If FPL’s Amended Petition to Approve Refund and Rate Reduction Resulting from Implementation of Inflation Reduction Act, filed in Docket 20220165-EI, is denied, FPL’s capacity cost recovery factors for the period January 2023 through December 2023 are set forth in FPL Table 30-2.

TABLE 30-2

Rate Schedule	Capacity Recovery Factor (\$/KW)	Capacity Recovery Factor (\$/kw h)	RDC (\$/KW)	SDD (\$/KW)
RS1/RTR1		0.00212		
GS1/GST1		0.00220		
GSD1/GSDT1/HLFT1/GSD1-EV	0.72			
OS2		0.00127		
GSLD1/GSLDT1/CS1/CST1/HLFT2/GSLD1-EV	0.80			
GSLD2/GSLDT2/CS2/CST2/HLFT3	0.80			
GSLD3/GSLDT3/CS3/CST3	0.73			
SST1T			0.09	0.04
SST1D1/SST1D2/SST1D3			0.09	0.04
CILC D/CILC G	0.81			
CILC T	0.79			
MET	0.69			
OL1/SL1/SL1WPL1/OSV/ILT1		0.00016		
SL2/SL2WGSCU1		0.00137		

(Deaton)

FPUC: No position.

TECO: The appropriate factors for January 2023 through December 2023 are as follows:

<u>Rate Class and Metering Voltage</u>	<u>Capacity Cost Recovery Factor</u>	
	<u>Cents per kWh</u>	<u>\$ per kW</u>
RS Secondary	-0.018	
GS and CS Secondary	-0.017	
GSD, RSD Standard		
Secondary		-0.06
Primary		-0.06
Transmission		-0.06
GSD Optional		
Secondary	-0.014	
Primary	-0.014	
Transmission	-0.014	
GSLDPR/GSLDTPR/SBLDPR/SBLDTPR		-0.05
GSLDSU/GSLDTSU/SBLDSU/SBLDTSU		-0.04
LS-1, LS-2	-0.003	
(Witness: Sizemore)		

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer’s bill is based on clause recovery in this docket and others. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate.

FIPUG: Adopt position of OPC.

FRF: Agree with OPC.

PCS

Phosphate: Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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 2023 through the last billing cycle for December 2023. The first billing cycle may start before January 1, 2023, and the last billing cycle may end after December 31, 2023, so long as each customer is billed for twelve months regardless of when the factors became effective. (Dean)

FPL: The factors shall be effective for meter readings commencing January 1, 2023. These charges should continue in effect until modified by subsequent order of this Commission. (Deaton)

FPUC: 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)

TECO: The new factors should be effective beginning with the first billing cycle for January 2023 through the last billing cycle for December 2023. The first billing cycle may start before January 1, 2023, and the last cycle may be read after December 31, 2023, 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 this Commission. (Sizemore)

OPC: No position.

FIPUG: Adopt position of OPC.

FRF: The effective date of the Fuel Charges approved by the Commission in this proceeding should be the first day of the first billing cycle of January 2023.

PCS

Phosphate: No position.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time.

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)

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

FPUC: 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)

TECO: Yes. (Sizemore)

OPC: No. The OPC does not agree, under the circumstances, that the overall costs proposed for recovery, and thus the resulting factors, can necessarily be deemed prudent, reasonable or accurate. The amounts proposed by FPL, DEF and Tampa Electric for 2022 are incorrect. If 2022 estimated/actual true-up amounts proposed for recovery cannot be determined with enough certainty for purposes of establishing rates in this annual determination of fuel costs, then it stand to reason that the more distant projections of fuel prices and thus costs for 2023 are inherently unreliable and cannot form the basis for setting rates. Accordingly, there is also insufficient information for the parties to take a position on, or to provide effective notice to customers as to, the realistic level of the projected fuel costs, the fuel factor for 2023, and the rates to be in effect in 2023.

FIPUG: Adopt position of OPC.

FRF: Yes.

PCS

Phosphate: Agree with OPC.

NUCOR: Regarding DEF, agree with OPC. For all other utilities, Nucor takes no position.

STAFF: Staff has no position at this time

ISSUE 33: Should this docket be closed?

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

FPL: This is a continuing docket and should remain open. (Deaton)

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

TECO: Yes.

OPC: No.

FIPUG: Adopt position of OPC.

FRF: No. This is a continuing docket that should remain open and then continued in its successor docket for 2023.

PCS

Phosphate: No position.

NUCOR: No position.

STAFF: Staff has no position at this time.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
			<u>Direct</u>
Gary Dean	DEF	GPD-1T	Fuel Cost Recovery True-Up (Jan – Dec. 2021)
Gary Dean	DEF	GPD-2T	Capacity Cost Recovery True-Up (Jan – Dec. 2021)
Gary Dean	DEF	GPD-3T	Schedules A1 through A3, A6 and A12 for Dec 2021
Gary Dean	DEF	GPD-4T	2021 Capital Structure and Cost Rates Applied to Capital Projects

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Gary Dean	DEF	GPD-2	Actual/Estimated True-up Schedules for period January – December 2022
Gary Dean	DEF	GPD-3	Projection Factors for January - December 2023
Mary Ingle Lewter (Jenkins)	DEF	MIL-1T	Calculation of GPIF Penalty for January - December 2021
Mary Ingle Jenkins (Lewter)	DEF	MIJ-1P	GPIF Targets/Ranges Schedules for January – December 2023
Anthony Salvarezza	DEF	AS-1	Root Cause Analysis Confidential DN 02277-2022
Anthony Salvarezza	DEF	AS-2	Product Bulletin PB-08-5038-GN-EN-01 Confidential DN 02277-2022
Anthony Salvarezza	DEF	AS-3	Product Bulletin PB-13-0008-GN-EN-01 Confidential DN 02277-2022
Jim McClay	DEF	JM-1P	Hedging Testimony 2023 Risk Management Plan Confidential DN 05041-2022
Gerard J. Yupp	FPL	GJY-1	2021 Asset Optimization Program Results Confidential DN 02217-2022
Gerard J. Yupp	FPL	GJY-2	2023 Risk Management Plan Confidential DN 05046-2022
Gerard J. Yupp	FPL	GJY-3	2023 Projected Dispatch Costs and Availability

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Charles R. Rote	FPL	CRR-1	Generating Performance Incentive Factor Performance Results for January 2021 through December 2021 – Pre-consolidated FPL
Charles R. Rote	FPL	CRR-2	Generating Performance Incentive Factor Performance Results for January 2021 through December 2021 – Pre-consolidated Gulf Power Company
Charles R. Rote	FPL	CRR-3	Generating Performance Incentive Factor Performance Targets for January 2023 through December 2023
Renae B. Deaton	FPL	RBD-1	2021 FCR Final True-Up Calculation – Pre-consolidated FPL
Renae B. Deaton	FPL	RBD-2	2021 CCR Final True-Up Calculation – Pre-consolidated FPL Confidential DN 02217-2022
Renae B. Deaton	FPL	RBD-3	2021 FCR Final True-Up Calculation – Pre-consolidated Gulf Power Company
Renae B. Deaton	FPL	RBD-4	2021 CCR Final True-Up Calculation – Pre-consolidated Gulf Power Company Confidential DN 02217-2022
Renae B. Deaton	FPL	RBD-5	2022 FCR Actual/Estimated True-Up Calculation
Renae B. Deaton	FPL	RBD-6	2022 CCR Actual/Estimated True-Up Calculation
Renae B. Deaton	FPL	RBD-7	2023 FCR Projections

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Renaë B. Deaton	FPL	RBD-8	2023 CCR Projections Confidential DN 02217-2022
Curtis D. Young	FPUC	CDY-1	Final True Up Schedules (Schedules A, C1 and E1-B for FPUC’s Divisions)
Curtis D. Young	FPUC	CDY-2	Estimated/Actual (Schedules E1-A, E1-B, and E1-B1) ⁶
Michelle Napier	FPUC	MDN-1	Schedules E1, E1A, E2, E7, E8, E10 and Schedule A
M. Ashley Sizemore	TECO	MAS-1	Final True-Up Capacity Cost Recovery January 2021-December 2021 Final True-up Fuel Cost Recovery January 2021-December 2021 Actual Fuel True-up Compared to Original Estimates January 2021-December 2021 Schedules A-1, A-2, A-6 through A-9, and A-12 January 2021-December 2021
M. Ashley Sizemore	TECO	MAS-2	Actual/Estimated True-Up Fuel Cost Recovery January 2022-December 2022 Actual/Estimated True-Up Capacity Cost Recovery January 2022-December 2022

⁶ As amended August 5, 2022.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
M. Ashley Sizemore	TECO	MAS-3	Projected Capacity Cost Recovery January 2023-December 2023 Projected Fuel Cost Recovery January 2023-December 2023 Levelized and Tiered Fuel Rate January 2023-December 2023
Patrick A. Bokor	TECO	PAB-1	Final True-Up Generating Performance Incentive Factor January 2021-December 2021 Actual Unit Performance Data January 2021-December 2021
	TECO	PAB-2	Generating Performance Incentive Factor January 2023-December 2023 Summary of Generating Performance Incentive Factor Targets January 2023-December 2023
John C. Heisey	TECO	JCH-1	Optimization Mechanism Results January 2021-December 2021
John C. Heisey	TECO	JCH-2	Risk Management Plan January 2023-December 2023

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

The parties are in the process of working on proposed stipulations at this time.

XI. PENDING MOTIONS

On September 26, 2022, FPL filed a Motion to Strike portions of OPC's witness Richard Polich's September 14, 2022 testimony as well as a Provisional Motion for Extension of time to file additional rebuttal testimony should its motion be denied. OPC responded to this motion on October 3, 2022.

XII. PENDING CONFIDENTIALITY MATTERS

Confidentiality orders are pending at this time.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed five minutes per party unless a party chooses to waive its opening statement. Briefs will be due on November 29, 2022.

FPL Nuclear Issues and Motions

Issues 2G-2J and OPC's Contested Issue E deal with FPL nuclear plant outages at its Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2. OPC and FPL have filed both direct and rebuttal testimony on these outages. FPL has filed a Motion to Strike portions of OPC's witness's testimony as well as a Motion for Extension of Time to File Rebuttal should its Motion to Strike be denied. OPC has filed a response in opposition to these motions. OPC also withdrew portions of Polich's testimony on October 4, 2022.

As discovery has progressed it has become apparent to Commission staff and the parties that more time is needed to determine the best type of proceeding in which to litigate these issues. Therefore, the parties have agreed that these issues will be deferred and taken up at an appropriate type of proceeding as chosen by the Prehearing Officer or full Commission.

Additionally, OPC has dropped its Contested Issue C without prejudice to raise it again in whatever type of proceeding is ultimately chosen to litigate these issues. Rulings on the associated motions will also be deferred until that time.

The parties have also agreed that the testimony and exhibits of OPC's witness Polich and FPL's witness Yupp's rebuttal testimony will not be placed into the record at this time. The April 1, July 27, and September 27 testimony of FPL witness Curtland will also not be placed into the record. Curtland's September 2 testimony on pages 1-3, line 16 is still relevant since it deals with the calculation of nuclear cost issues unrelated to replacement power. This portion of Curtland's September 2 testimony will be inserted into the record. The cost related to these nuclear outages has been previously recovered, or will be recovered, this year through the 2023 fuel factors and all will be subject to refund in the event of a future determination of imprudence. Finally, the parties have agreed that witness Polich can be excused from the November 17th final hearing. Further, the parties have agreed that they do not wish to question witness Curtland about his September 2 testimony dealing with nuclear cost issues unrelated to replacement power, and that he can also be excused.

Having reviewed the issues and testimony, and hearing no objection, Issues 2G-2J and OPC Contested Issue E are deferred, witnesses Polich and Curtland are excused from the final hearing, and witness Curtland's September 2, 2022 testimony pages 1-3, line 16 will be placed in the record as though read. A decision on what type of proceeding is best suited to litigate these deferred issues will be made in the near future.

OPC Contested Issues A and B

OPC raised two issues at the Prehearing Conference: Issue A: "What is the appropriate carrying cost, if any, for the 2022 under-recovery amount voluntarily deferred for recovery, for the duration of the voluntary deferral period." and Issue B: "Over what period should 2022 under-recoveries be collected and at what carrying cost?" OPC takes the position that DEF, TECO, and FPL (Utilities) should not defer collection of their substantial 2022 fuel under-recoveries. OPC argues that since these utilities have voluntarily decided to wait until next year to seek recovery for these costs, they should have to bear the carrying costs of these under-recoveries, not the ratepayers. The Utilities argue that this natural gas market is so unique and so highly volatile that 2022 under-recovery costs can't be accurately predicted at this time. Essentially, the Utilities are arguing that it is better to wait until the first quarter of 2023 when an accurate under-recovery number can be calculated to seek recovery and to determine the time period over which those costs will be recovered. The Utilities and Commission staff agree that these issues are valid but argue that they are premature and should be taken up in the first quarter of 2023 when the Utilities file for the recovery of the under-recovered 2022 fuel costs. I agree that these issues are premature and should be considered in the dockets opened for recovery of the Utilities' under-recovered 2022 fuel costs.

OPC Contested Issues C, E and F⁷

OPC Issue C and Issue E are related to the nuclear power plant outages at Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2. OPC has withdrawn Issue C contingent upon its ability to raise it again when a proceeding is opened to litigate Issues 2G-2J. As stated above, OPC Issue E has been deferred to the proceeding litigating the other deferred FPL nuclear replacement power issues. OPC Issue F addresses redispatch costs in 2022 and 2023 related to FPL's North Florida Resilience Connection which OPC and FPL have agreed to defer to next year's Fuel Clause docket. Hearing no objection to the deferral of OPC Issue F, it is hereby deferred.

Issue 3A

Commission staff has requested the addition of Issue 3A: "Should the Commission approve FPUC's request to apply its parent company, Chesapeake Utilities Corporation's, projected short-term cost rate to its deferred 2022 fuel cost balance?" Seeing no objections to the addition of this issue, it is added.

Issue 22A

In its Prehearing Statement FPL raised Issue 22A: "Should the Commission approve a one-time reduction to the CCR factors for the month of January 2023 to allow the implementation of a \$25 million refund to customers which address the application of the Tax Provision contained in FPL's Rate Settlement Agreement?" The adjustment referred to in FPL's proposed Issue 22A is incorporated in Issue 30. Because it can be addressed in Issue 30, FPL now agrees that a separate Issue 22A is not necessary and can be dropped. No objection having been heard, proposed Issue 22A is hereby dropped.

It is therefore,

ORDERED by Commissioner Mike La Rosa, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

⁷ OPC Contested Issue C reads: "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?" OPC Contested Issue E reads: "Should the Commission establish a spin-off docket to investigate FPL's nuclear operations and its impact on historical, ongoing and future fuel costs?" OPC Contested Issue F reads: "Has FPL appropriately accounted for any redispatch 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?"

By ORDER of Commissioner Mike La Rosa, as Prehearing Officer, this 14th day of November, 2022.



Mike La Rosa
Commissioner and Prehearing Officer
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.

SBr

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.