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Subject: E-Filing & E-Service: PEF's Prehearing Statement - Dkt# 120001
Attachments: FINAL - PEF Prehearing Statement (10.8.12) - Dkt# 120001.pdf

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DOCKET NO. 120001-EI

On Behalf of Progress Energy Florida, Inc.

Consisting of 10 Pages.

**The attached document for filing is PEF's
Prehearing Statement in the above referenced
docket.**

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DOCUMENT NUMBER-DATE

06827 OCT-8 12

FPSC-COMMISSION CLERK

10/8/2012

BEFORE THE PUBLIC SERVICE COMMISSION

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

DOCKET NO. 120001-EI

DATED: October 8, 2012

**PROGRESS ENERGY FLORIDA, INC.'S
PREHEARING STATEMENT**

Progress Energy Florida, Inc. (PEF) hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January 2013 through December 2013:

A. Known Witnesses - PEF intends to offer the testimony of:

<u>Witness - Direct</u>	<u>Subject Matter</u>	<u>Issues</u>
Will Garrett	Fuel Cost Recovery True-Up (2011)	8
	Capacity Cost Recovery True-Up (2011)	27
Marcia Olivier	Projection and Actual/Estimated True-up	6, 7, 9-11, 18-22
	Fuel and Capacity Cost Projections	28-34
	Other Matters	1C, 23A
Joseph McCallister	2012 April/August Hedging Information	1A
	2013 Risk Management Plan	1B
Robert M. Oliver	GPIF: Reward/Penalty Schedules	16
Matthew J. Jones	GPIF: Targets/Ranges Schedules	17

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B. Known Exhibits - PEF intends to offer the following exhibits:

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u>(WG-1T)</u>	Garrett	Fuel Cost Recovery True-Up (Jan – Dec. 2011)
<u>(WG-2T)</u>	Garrett	Capacity Cost Recovery True-Up (Jan – Dec. 2011)
<u>(WG-3T)</u>	Garrett	Schedules A1 through A3, A6 and A12 for Dec 2011
<u>(MO-1)</u>	Olivier	Actual/Estimated true-up Schedules for period January – December 2012
<u>(MO-2)</u>	Olivier	Projection factors for January to December 2013
<u>(JM-1T)</u>	McCallister	Summarized Hedging Information (2002 – 2011)
<u>(JM-1P)</u>	McCallister	2013 Risk Management Plan
<u>(JM-2P)</u>	McCallister	Hedging Report (January – July 2012)
<u>(RMO-1T)</u>	Oliver	GPIF Reward/Penalty Schedules for 2011
<u>(MJJ-1P)</u>	Jones	GPIF Targets/Ranges Schedules (for Jan – Dec. 2013)

C. Statement of Basic Position - Not applicable. PEF's positions to specific issues are listed below.

D.-F. Issues and Positions

PEF's positions on the issues identified in this proceeding are as follows:

COMPANY SPECIFIC FUEL ADJUSTMENT ISSUES

ISSUE 1A: Should the Commission approve as prudent, PEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in PEF's April 2012 and August 2012 hedging reports?

PEF: Yes. PEF's actions are reasonable and prudent. (McCallister)

ISSUE 1B: Should the Commission approve PEF's 2013 Risk Management Plan?

PEF: Yes. (McCallister)

ISSUE 1C: Has PEF correctly reflected the \$129 million refund pursuant to the Settlement approved in Order No. PSC-12-01040FOF-EI in the calculation of the 2013 factor?

PEF: Yes. (Olivier)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2012 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$896,041. (Olivier)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2013 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$617,914. (Olivier)

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2011 through December 2011?

PEF: \$201,362,994 under-recovery. (Garrett)

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2012 through December 2012?

PEF: \$55,996,082 over-recovery. (Olivier)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2013 to December 2013?

PEF: \$145,366,912 under-recovery. (Olivier)

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2013 through December 2013?

PEF: \$1,234,709,629. (Olivier)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Progress Energy Florida, Inc.

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

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 16: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

PEF: \$1,495,572 reward. (Oliver)

ISSUE 17: What should the GPIF targets/ranges be for the period January 2013 through December 2013 for each investor-owned electric utility subject to the GPIF?

PEF: The appropriate targets and ranges are shown on Page 4 of Exhibit MJJ-1P filed on August 31, 2012 with the Direct Testimony of Matthew J. Jones. (Jones)

FUEL FACTOR CALCULATION ISSUES

ISSUE 18: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2013 through December 2013?

PEF: \$1,382,565,768. (Olivier)

ISSUE 19: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2013 through December 2013?

PEF: 1.00072. (Olivier)

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2013 through December 2013?

PEF: 3.698 cents per kWh (adjusted for jurisdictional losses). (Olivier)

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

PEF:

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

(Olivier)

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

PEF:

Fuel Cost Factors (cents/kWh)						
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use	
					On-Peak	Off-Peak
A	Transmission	--	--	3.629	5.128	2.914
B	Distribution Primary	--	--	3.666	5.180	2.944
C	Distribution Secondary	3.393	4.393	3.703	5.232	2.974
D	Lighting	--	--	3.396	--	--

(Olivier)

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 23A: What is the amount to be included in the Capacity Cost Recovery Clause for PEF's 2013 nuclear cost recovery?

PEF: For the Crystal River 3 Uprate project, the amount to be included is that which is approved, if any, by the Commission at its November 26, 2012, Agenda Conference. For the Levy Nuclear Project, the amount will be a function of the rates approved for collection in PEF's Settlement Agreement consistent with page 147 of Order No. PSC-12-0104-FOF-EI. After the Commission votes on

November 26, 2012, PEF will submit to the Commission, with copies to all parties, its revised schedules showing the calculation of the 2013 capacity cost recovery factors. Commission staff is granted administrative authority to verify that the schedules are consistent with the Commission's vote on November 26, 2012 and Order No. PSC-12-0104-FOF-EI as described above. (Olivier)

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2011 through December 2011?

PEF: \$4,389,550 under-recovery. (Garrett)

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2012 through December 2012?

PEF: \$6,096,072 under-recovery. (Olivier)

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2013 through December 2013?

PEF: \$10,485,622 under-recovery. (Olivier)

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2013 through December 2013?

PEF: \$385,072,136. (Olivier)

ISSUE 31: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2013 through December 2013?

PEF: The appropriate projected net purchased power capacity cost recovery amount, excluding nuclear cost recovery, is \$395,842,560. The appropriate nuclear cost recovery amount is that which is approved in Issue 23A. (Olivier)

ISSUE 32: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2013 through December 2013?

PEF: Base – 92.885%, Intermediate – 72.703%, Peaking – 95.924%, consistent with Exhibit 1 in the Stipulation and Settlement Agreement approved in Order No. PSC-12-0104-FOF-EI. (Olivier)

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2013 through December 2013?

PEF: The appropriate cost recovery factors for the period January 2013 through December 2013 will be the factors submitted in revised Schedule E12-E, column 10, in Exhibit MO-2, Part 3, after the Commission's vote on the appropriate nuclear cost recovery amounts to be included in the Capacity Cost Recovery Clause (see Issue 23A). If on November 26, 2012, the Commission approves the nuclear cost recovery amounts that have been submitted in revised Schedule E12-E, Exhibit MO-2, Part 3 on October 2, 2012, then a second revised Schedule E12-E will not be filed, and the factors will be those included in revised Schedule E12-E, Exhibit MO-2, Part 3, filed on October 2, 2012. (Olivier)

EFFECTIVE DATE

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

PEF: The new factors should be effective beginning with the first billing cycle for January 2013 through the last billing cycle for December 2013. The first billing cycle may start before January 1, 2013, and the last billing cycle may end after December 31, 2013, so long as each customer is billed for twelve months regardless of when the factors became effective. (Olivier)

G. Stipulated Issues

PEF is not a party to any stipulations at this time.

H. Pending Motions

PEF has no pending motions at this time.

I. Requests for Confidentiality

PEF has the following pending requests for confidential classification:

- May 19, 2008 – 423 Forms for March 2008
- June 20, 2008 – 423 Forms for April 2008
- July 9, 2008 – Response to Staff's Second Request for Production of Documents
- July 17, 2008 – Response to FIPUG's First Set of Interrogatories (1-21)
- July 18, 2008 – 423 Forms for May 2008
- August 4, 2008 – Exhibit MO-1 (Part 2 – capacity cost recovery calculations for 2008, page 2 of 2) to the direct testimony of Marcia Olivier.
- August 15, 2008 – Hedging Report (Information contained in Attachments A & B for the period January – July 2008).
- August 22, 2008 – 423 Forms for June 2008
- August 25, 2008 – Response to Staff's Third Set of Interrogatories (15-19)
- August 29, 2008 - Pages 3, 4 & 5 to the direct testimony of Marcia Olivier, Exhibit MO-2 (Schedule E-12 – capacity costs, Part 3, page 3 of 5) to the direct testimony of Marcia Olivier, Exhibit JM-1P (Page 1-2 and Attachments A-H) and Exhibit JM-2P to the direct testimony of Joseph McCallister.
- September 24, 2008 – 423 Forms for July 2008
- October 15, 2008 – Responses to Staff's 5th Set of Interrogatories (Q. 51)
- October 16, 2008 – Responses to Staff's 3rd Request for Production of Documents (Q. 13-17)
- October 20, 2008 – Responses to Staff's 6th Set of Interrogatories (53-87)
- October 30, 2008 – 423 Forms for August 2008
- November 24, 2008 – 423 Forms for September 2008
- December 24, 2008 – 423 Forms for October 2008
- April 22, 2010 – 423 Forms for March 2010
- May 24, 2010 – 423 Forms for April 2010
- June 30, 2010 – 423 Forms for May 2010
- August 10, 2010 – 423 Forms for June 2010
- September 1, 2010 – 423 Forms for July 2010
- October 5, 2010 – 423 Forms for August 2010
- August 1, 2011 – Exhibit MO-1 (Schedule E12-B, Page 2 of 2) to the direct testimony of Marcia Olivier & portions of the 2012 Risk Management Plan (Exhibit JM-1P)
- September 1, 2011 - Exhibit MO-2 to the projection testimony of Marcia Olivier
- November 7, 2011 - 423 Forms for September 2011
- December 8, 2011 – 423 Forms for October 2011
- August 13, 2012 – 423 Forms for June 2012
- August 31, 2012 – Exhibit MO-2 to projection testimony of Marcia Olivier & Pgs 4-6 to testimony of Joseph McCallister
- October 3, 2012 – 423 Forms for July 2012
- October 3, 2012 – 423 Forms for August 2012

J. Requirements of Order

PEF believes that this prehearing statement complies with all the requirements of the Order Establishing Procedure.

K. Objections to Qualifications

PEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.

RESPECTFULLY SUBMITTED this 8th day of October, 2012.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement has been furnished via electronic mail this 8th day of October, 2012 to all parties of record as indicated below.

s/ John T. Burnett

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