

AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

123 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

October 7, 2013

HAND DELIVERED

RECEIVED-FPSC
13 OCT - 7 PM 1:34
COMMISSION
CLERK

Ms. Ann Cole, Director
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor; FPSC Docket No. 130001-EI

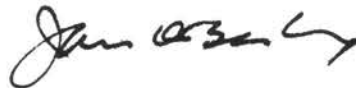
Dear Ms. Cole:

Enclosed for filing in the above docket are the original and seven (7) copies of Tampa
Electric Company's Prehearing Statement.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this
letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Enclosure

cc: All Parties of Record (w/enc.)

COM	
AFD	4
APA	
ECO	1
ENG	1
GCL	1
IDM	
TEL	
CLK	

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased)
Power Cost Recovery Clause)
And Generating Performance)
Incentive Factor.)
_____)

DOCKET NO. 130001-EI

FILED: October 7, 2013

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

JAMES D. BEASLEY
J. JEFFRY WAHLEN
ASHLEY M. DANIELS
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Penelope A. Rusk (TECO)	Company Specific Fuel Adjustment Issues	5C
	Generic Fuel Adjustment Issues Adjustment Factors	6, 7, 8, 9, 10, 11
	Fuel Factor Calculation Issues	19, 20, 21, 22, 23
	Generic Capacity Cost Recovery Factor Issues	28, 29, 30, 31, 32, 33, 34
	Effective Date	35
2. Brian S. Buckley (TECO)	Generic Generating Performance Incentive Factor Issues	16, 17, 18
	Fuel Factor Calculation Issues	19

3.	Benjamin F. Smith (TECO)	Company-Specific Fuel Adjustment Issues	5A, 5B
		Fuel Factor Calculation Issues	19
		Generic Capacity Cost Recovery Factor Issues	32
4.	Brent C. Caldwell (TECO)	Company-Specific Fuel Adjustment Issues	5A, 5B
		Fuel Factor Calculation Issues	19

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (PAR-1)	Rusk	Final True-up Capacity Cost Recovery January 2012 - December 2012
<u> </u> (PAR-1)	Rusk	Final True-up Fuel Cost Recovery January 2012 – December 2012
<u> </u> (PAR-1)	Rusk	Actual Fuel True-up compared to Original Estimates January 2013 – December 2012
<u> </u> (PAR-1)	Rusk	Schedules A-1, A-2 and A-6 through A-9 and A-12 January 2012 – December 2012
<u> </u> (PAR-2)	Rusk	Actual/Estimated True-Up Fuel Cost Recovery January 2013 – December 2013
<u> </u> (PAR-2)	Rusk	Actual/Estimated True-Up Capacity Cost Recovery January 2013 – December 2013
<u> </u> (PAR-2)	Rusk	Actual/Estimated Polk Unit 1 Ignition Oil Conversion January 2013 – December 2013
<u> </u> (PAR-3)	Rusk	Projected Capacity Cost Recovery January 2014 – December 2014
<u> </u> (PAR-3)	Rusk	Projected Capacity Cost Recovery Utilizing Proposed Rate Design January 2014 – December 2014

<u> </u> (PAR-3)	Rusk	Projected Fuel Cost Recovery January 2014 – December 2014
<u> </u> (PAR-3)	Rusk	Levelized and Tiered Fuel Rate January 2014– December 2014
<u> </u> (PAR-3)	Rusk	Polk Unit 1 Ignition Oil Conversion January 2014 – December 2014
<u> </u> (BSB-1)	Buckley	Generating Performance Incentive Factor True-Up January 2012 – December 2012
<u> </u> (BSB-2)	Buckley	Generating Performance Incentive Factor January 2014 – December 2014
<u> </u> (JBC-1)	Caldwell	2012 Hedging Activity True-up Report
<u> </u> (JBC-2)	Caldwell	Fuel Procurement and Wholesale Power Purchase Risk Management Plan 2014
<u> </u> (JBC-3)	Caldwell	Natural Gas Hedging Activities for January through July 2013

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

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 3.904 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 2013; a GPIF penalty of \$1,177,059 for performance during 2012; and approval of the company's proposed GPIF targets and ranges for 2013. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of \$650,665 for calendar year 2014.

E. STATEMENT OF ISSUES AND POSITIONS

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Tampa Electric Company

ISSUE 5A: Should the Commission approve as prudent, Tampa Electric's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Tampa Electric's April 2013 and August 2013 hedging reports?

TECO: Yes. Tampa Electric prudently followed its 2012 and 2013 Risk Management Plans and accordingly utilized financial hedges to mitigate volatility of natural gas prices during the period January 2012 through July 2013. (Witness: Caldwell, Smith)

ISSUE 5B: Should the Commission approve Tampa Electric's 2014 Risk Management Plan?

TECO: Yes. Tampa Electric's 2014 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Witness: Caldwell, Smith)

ISSUE 5C: What is the appropriate amount of capital costs for the Polk Unit One ignition oil conversion project that Tampa Electric should be allowed to recover through the Fuel Clause?

TECO: The appropriate 2013 projected amount of capital costs for the Polk Unit 1 ignition oil conversion project that Tampa Electric should be allowed to recover through the fuel clause is \$2,356,259. The appropriate 2014 projected amount of capital costs for the Polk Unit 1 ignition oil conversion project that Tampa Electric should be allowed to recover through the fuel clause is \$4,250,042. (Witness: Rusk)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2013 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: \$1,366,094. (Witness: Rusk)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2014 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: \$650,665. (Witness: Rusk)

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2012 through December 2012?

TECO: \$903,071 over-recovery. (Witness: Rusk)

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2013 through December 2013?

TECO: \$14,727,476 over-recovery. (Witness: Rusk)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2014 to December 2014?

TECO: \$15,630,547 over-recovery. (Witness: Rusk)

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2014 through December 2014?

TECO: The total fuel and purchased power cost recovery amount for the period January 2014 through December 2014, is \$732,787,937. The total recoverable fuel and purchased power recovery amount to be collected, adjusted by the jurisdictional separation factor, excluding GPIF and the revenue tax factor, but including the true-up amount, is \$717,157,390. (Witness: Rusk)

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 2012 through December 2012 for each investor-owned electric utility subject to the GPIF?

TECO: A penalty in the amount of \$1,177,059. (Witness: Buckley)

ISSUE 17: What should the GPIF targets/ranges be for the period January 2014 through December 2014 for each investor-owned electric utility subject to the GPIF?

TECO: The appropriate targets and ranges are shown in Exhibit No. ____ (BSB-2) to the prefiled testimony of Mr. Brian S. Buckley. 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 later modified in 2006 after meeting with Staff and intervening parties at the request of the Commission. (Witness: Buckley)

ISSUE 18: Should the Commission consider modification of the existing GPIF mechanism at this time?

TECO: No. The current GPIF methodology should not be eliminated or significantly modified. It continues to perform the function it was designed to accomplish when it was established. There may be room for slight modifications to the various GPIF implementation methodologies to gain some uniformity in the manner in which the utilities administer the GPIF program, but there is no reason to eliminate or significantly modify the methodology. (Witness: Buckley)

FUEL FACTOR CALCULATION ISSUES

ISSUE 19: 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 2014 through December 2014?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2014 through December 2014, adjusted by the jurisdictional separation factor, is \$732,787,937. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up and GPIF and adjusted for the revenue tax factor, is \$716,496,684. (Witness: Rusk, Caldwell, Buckley, Smith)

ISSUE 20: 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 2014 through December 2014?

TECO: The appropriate revenue tax factor is 1.00072 (Witness: Rusk)

ISSUE 21: What are the appropriate levelized fuel cost recovery factors for the period January 2014 through December 2014?

TECO: The appropriate factor is 3.904 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Rusk)

ISSUE 22: 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?

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

(Witness: Rusk)

ISSUE 23: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

TECO: The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>	
Secondary	3.910	
Tier I (Up to 1,000 kWh)	3.609	
Tier II (Over 1,000 kWh)	4.609	
Distribution Primary	3.871	
Transmission	3.832	
Lighting Service	3.872	
Distribution Secondary	4.124	(on-peak)
	3.820	(off-peak)
Distribution Primary	4.083	(on-peak)
	3.782	(off-peak)
Transmission	4.042	(on-peak)
	3.744	(off-peak)

(Witness: Rusk)

II. CAPACITY ISSUES

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

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

TECO: \$126,648 under-recovery. (Witness: Rusk)

ISSUE 29: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2013 through December 2013?

TECO: \$465,117 under-recovery. (Witness: Rusk)

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2014 through December 2014?

TECO: \$591,765 under-recovery. (Witness: Rusk)

ISSUE 31: What are the appropriate projected total capacity cost recovery amounts for the period January 2014 through December 2014?

TECO: The projected total capacity cost recovery amount for the period January 2014 through December 2014 is \$30,881,044. (Witness: Rusk)

ISSUE 32: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2014 through December 2014?

TECO: The purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2014 through December 2014, adjusted by the jurisdictional separation factor, is \$30,881,044. The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$31,495,469. (Witness: Rusk, Smith)

ISSUE 33: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2014 through December 2014?

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

ISSUE 34: What are the appropriate capacity cost recovery factors for the period January 2014 through December 2014?

TECO: The appropriate factors for January 2014 through December 2014 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	0.202	
GS and TS Secondary	0.186	
GSD, SBF Standard Secondary		0.63
Primary		0.62
Transmission		0.62
GSD Optional Secondary	0.150	
Primary	0.149	
IS, SBI Primary		0.39
Transmission		0.38
LS1 Secondary	0.025	

(Witness: Rusk)

III. EFFECTIVE DATE

ISSUE 35: What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?

TECO: The new factors should be effective beginning with the specified billing cycle and thereafter for the period January through the last billing cycle for December 2014. The first billing cycle may start before January 1, 2014, and the last billing cycle may end after December 31, 2014, so long as each customer is billed for 12 months regardless of when the fuel factors became effective. (Witness: Rusk)

ISSUE 36: Should this Docket be closed?

TECO: Yes.

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

TECO: Tampa Electric has pending a number of requests for confidential treatment of information relating to hedging practices, risk management strategies and fuel and fuel transportation contract matters.

I. OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT

TECO: None at this time.

J. OTHER MATTERS

TECO: None at this time.

DATED this 7th day of October 2013.

Respectfully submitted,



JAMES D. BEASLEY
J. JEFFRY WAHLEN
ASHLEY M. DANIELS
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail (*) or electronic mail on this 7th day of October 2013, to the following:

Ms. Martha F. Barrera*
Senior Attorney
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Mr. John T. Burnett
Ms. Dianne M. Triplett
Duke Energy Florida, Inc.
Post Office Box 14042
St. Petersburg, FL 33733

Mr. Paul Lewis, Jr.
Duke Energy Florida, Inc.
106 East College Avenue - Suite 800
Tallahassee, FL 32301-7740

Mr. Jon C. Moyle, Jr.
Moyle Law Firm
118 N. Gadsden Street
Tallahassee, FL 32301

Ms. Patricia A. Christensen
Associate Public Counsel
Office of Public Counsel
111 West Madison Street – Room 812
Tallahassee, FL 32399-1400

Ms. Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301

Samuel Miller, Capt., USAF
USAF/AFLOA/JAC/ULFSC
139 Barnes Drive, Suite 1
Tyndall AFB, FL 32403-5319

Ms. Cheryl Martin
Director/Regulatory Affairs
Florida Public Utilities Company
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409

Mr. John T. Butler
Assistant General Counsel - Regulatory
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420

Mr. Kenneth Hoffman
Vice President, Regulatory Relations
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859

Mr. Robert L. McGee, Jr.
Regulatory and Pricing Manager
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

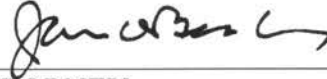
Mr. Jeffrey A. Stone
Mr. Russell A. Badders
Mr. Steven R. Griffin
Beggs & Lane
Post Office Box 12950
Pensacola, FL 32591-2950

Mr. Robert Scheffel Wright
Mr. John T. LaVia, III
Gardner, Bist, Wiener, Wadsworth,
Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

Mr. Randy B. Miller
White Springs Agricultural Chemicals, Inc.
Post Office Box 300
White Springs, FL 32096

Ms. Cecilia Bradley
Senior Assistant Attorney General
Office of the Attorney General
The Capitol – PL01
Tallahassee, FL 32399-1050

Mr. James W. Brew
Mr. F. Alvin Taylor
Brickfield, Burchette, Ritts & Stone, P.C.
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, D.C. 20007-5201



ATTORNEY