

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Fuel and purchased power cost recovery
Clause with generating performance
Incentive factor.

Docket No. 130001-EI

Filed: October 7, 2013

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**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-13-0069-PCO-EI files its Prehearing Statement.

A. APPEARANCES:

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B. WITNESSES AND EXHIBITS:

All witnesses and exhibits listed by other parties in this proceeding, as well as cross-examination exhibits, as necessary.

C. STATEMENT OF BASIC POSITION:

FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies sought in this proceeding.

D. STATEMENT OF ISSUES AND POSITIONS:

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Duke Energy Florida, Inc.

ISSUE 1A: Should the Commission approve as prudent, DEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in PEF's April 2013 and August 2013 hedging reports?

FIPUG: Adopt position of OPC.

ISSUE 1B: Should the Commission approve DEF's 2014 Risk Management Plan?

FIPUG: Adopt position of OPC.

ISSUE 1C: Has DEF correctly reflected necessary refunds and adjustments pursuant to either the Settlement approved in Order No. PSC-12-0104-FOF-EI or the Revised and Restated Stipulation and Settlement Agreement filed in Docket 130208, as appropriate, in the calculation of the 2014 factors?

FIPUG: Adopt position of OPC.

Florida Power & Light Company

ISSUE 2A: Should the Commission approve as prudent, FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in FPL's April 2013 and August 2013 hedging reports?

FIPUG: Adopt position of OPC.

ISSUE 2B: Should the Commission approve FPL's 2014 Risk Management Plan?

FIPUG: Adopt position of OPC.

ISSUE 2C: What is the appropriate amount of Incremental Optimization Costs for Personnel, Software, and Hardware Costs that FPL should be allowed to recover through the Fuel Clause?

FIPUG: Adopt position of OPC.

ISSUE 2D: What is the appropriate amount of Incremental Optimization Costs for Variable Power Plant Operations and Maintenance Costs over the 514 Megawatt Threshold that FPL should be allowed to recover through the Fuel Clause?

FIPUG: Adopt position of OPC.

Florida Public Utilities Company

ISSUE 3A: Is FPUC's proposed method to allocate transmission costs appropriate?

FIPUG: Adopt position of OPC.

ISSUE 3B: How should the lump sum payment made by Gulf Power Company (Gulf) to Florida Public Utilities Company (FPUC) to true-up capacity payments upon the reinstatement of Amendment No. 1 to FPUC's Agreement for Generation Services with Gulf be addressed?

FIPUG: Adopt position of OPC.

OPC: Pursuant to the Stipulation filed on September 3, 2013, in Docket No. 130233-EI, and submitted for approval by the Commission at the October 24, 2013, the lump sum payment will be applied to reduce the regulatory asset established by Order No. PSC-12-600-PAA-EI, issued in Docket No. 120227-EI.

Gulf Power Company

ISSUE 4A: Should the Commission approve as prudent, GULF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in GULF's April 2013 and August 2013 hedging reports?

FIPUG: Adopt position of OPC.

ISSUE 4B: Should the Commission approve Gulf's 2014 Risk Management Plan?

FIPUG: Adopt position of OPC.

Tampa Electric Company

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

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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? (Not applicable to FPL).

FIPUG: Adopt position of OPC.

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? (Not applicable to FPL).

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Duke Energy Florida, Inc.

No company-specific issues for Duke 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.

Florida Power & Light Company

No company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 13A, 13B, 13C, and so forth, as appropriate.

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 14A, 14B, 14C, and so forth, as appropriate.

Tampa Electric Company

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 15A, 15B, 15C, 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 2012 through December 2012 for each investor-owned electric utility subject to the GPIF?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, Inc.

ISSUE 24: Has DEF included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 130009-EI?

FIPUG: Adopt position of OPC.

Florida Power & Light Company

ISSUE 25A: Has FPL included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 130009-EI?

FIPUG: Adopt position of OPC.

ISSUE 25B: Are costs (O&M and Capital Costs) related to Nuclear Regulatory Commission requirements stemming from the Fukushima incident that exceed the levels of such costs that FPL included in its 2013 test year in Docket No. 120015-EI eligible for recovery through the capacity cost recovery clause?

FIPUG: Adopt position of OPC.

ISSUE 25C: What is the appropriate amount of Incremental Nuclear Regulatory Commission (Fukushima) Compliance O&M and capital costs that FPL should be allowed to recover through the Capacity Clause?

FIPUG: Adopt position of OPC.

ISSUE 25D: What are the appropriate 2014 projected non-fuel revenue requirements for West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause?

FIPUG: Adopt position of OPC.

ISSUE 25E: Should the Commission approve FPL's proposed generation base rate adjustment (GBRA) factor of 4.565 percent for the Riviera Beach Energy Center (RBEC)?

FIPUG: Adopt position of OPC.

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 26A, 26B, 26C, and so forth, as appropriate.

Tampa Electric Company

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 27A, 27B, 27C, and so forth, as appropriate.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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?

FIPUG: Adopt position of OPC.

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

FIPUG: Adopt position of OPC.

III. EFFECTIVE DATE

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

FIPUG: Adopt position of OPC.

ISSUE 36: Should this Docket be closed?

FIPUG: Yes.

E. STIPULATED ISSUES:

None at this time.

F. PENDING MOTIONS:

None.

G. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

H. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

Yes, unless the witness in question affirmatively states the subject matter area(s) in which he or she claims expertise.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Industrial Power Users Group cannot comply at this time.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of The Florida Industrial Power Users Group's Prehearing Statement has been furnished by Electronic Mail this 7th day of October, 2013, to the following:

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