

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power Cost)
Recovery Clause with Generating)
Performance Incentive Factor)
_____)

DOCKET NO. 140001-EI
FILED: September 26, 2014

PREHEARING STATEMENT OF THE FLORIDA RETAIL FEDERATION

The Florida Retail Federation ("FRF"), pursuant to the Order Establishing Procedure in this docket, Order No. PSC-14-0084-PCO-EI, issued February 4, 2014, hereby submits its Prehearing Statement in this docket.

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On behalf of the Florida Retail Federation

1. **WITNESSES:**

The Florida Retail Federation does not intend to call any witnesses for direct examination, but reserves its rights to cross-examine all witnesses and to rely upon the prefiled testimony of witnesses in this docket, as well as testimony on their cross-examination.

2. **EXHIBITS:**

The Florida Retail Federation will not introduce any exhibits on direct examination, but reserves its rights to introduce exhibits through cross-examination of other parties' witnesses.

3. **STATEMENT OF BASIC POSITION**

The Commission should impose the level of scrutiny and burden of proof on the investor-owned utilities for recovery of costs through the Fuel Clause as required by Chapters 120 and 366, Florida Statutes.

The FRF agrees with the Public Counsel that Duke should not recover the cost of replacement fuel for the outage caused by fires at the Bartow generating station.

The FRF agrees with the Public Counsel that FPL's gas reserves proposal does not qualify for cost recovery through the Fuel Clause. The FRF further agrees with OPC that costs associated with FPL's Gas Reserves Petition should be excluded from FPL's fuel charges in 2015. The FRF supports calculating FPL's 2015 fuel charges with the gas reserves costs excluded from rates in accord with Appendix III of Witness Terry Keith's testimony.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

LIST OF ISSUES

9/12/2014

(Without FPL gas reserve)

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 DEF's April 2014 and August 2014 hedging reports?

FRF: Agree with OPC.

ISSUE 1B: Should the Commission approve DEF's 2015 Risk Management Plan?

FRF: Agree with OPC.

ISSUE 1C: Has Duke made appropriate adjustments, if any are needed, to account for replacement power costs associated with April 2014 forced outage (transformer fire) at the Bartow Unit? If appropriate adjustments are needed and have not been made, what adjustment(s) should be made?

FRF: Agree with 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 2014 and August 2014 hedging reports?

FRF: Agree with OPC.

ISSUE 2B: Should the Commission approve FPL's 2015 Risk Management Plan?

FRF: Agree with OPC.

ISSUE 2C: What is the total gain in 2013 under the Incentive Mechanism approved in Order No. PSC-13-0023-S-EI, and how is that gain to be shared between FPL and customers? *FPL*

FRF: Agree with OPC.

ISSUE 2D: What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs?

FRF: Agree with OPC.

ISSUE 2E: What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours?

FRF: Agree with OPC.

Florida Public Utilities Company

ISSUE 3A: Should the Commission approve consolidation of the fuel factors for FPU’s Northeast and Northwest Divisions for purposes of fuel cost recovery beginning in 2015?

FRF: Agree with OPC.

ISSUE 3B: If consolidation of fuel factors for FPU’s Northeast and Northwest Divisions is not approved, should FPU be allowed to continue to allocate transmission costs consistent with the methodology approved by Order No. PSC-13-0665-FOF-EI?

FRF: Agree with OPC.

ISSUE 3C: Should the Commission approve FPU’s proposal to under-recover fuel costs in 2015 in order to mitigate rate increases to customers?

FRF: Agree with OPC.

ISSUE 3D: If the Commission approves FPUC’s request in Docket No. 140025-EI to consolidate the Company’s current outdoor lighting (OL-2) and street lighting (SL-3) rate classes into a single Lighting Service (LS) rate class, what is the appropriate consolidated fuel rate for the new LS rate class?

FRF: Agree with OPC.

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 2014 and August 2014 hedging reports?

FRF: Agree with OPC.

ISSUE 4B: Should the Commission approve Gulf's 2015 Risk Management Plan?

FRF: Agree with OPC.

ISSUE 4C: Should the Commission approve the amended and restated contract between Gulf Power Company (Gulf) and Bay County, Florida, for purchase of the entire generation of the Bay County Resource Recovery Facility by Gulf?

FRF: Agree with 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 2014 and August 2014 hedging reports?

FRF: Agree with OPC.

ISSUE 5B: Should the Commission approve TECO's 2015 Risk Management Plan?

FRF: Agree with OPC.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2014 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FRF: Agree with OPC.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2015 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FRF: Agree with OPC.

ISSUE 8: What are the appropriate final fuel adjustment true-up amounts for the period January 2013 through December 2013?

FRF: Agree with OPC.

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2014 through December 2014?

FRF: Agree with OPC.

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2015 to December 2015?

FRF: Agree with OPC.

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2015 through December 2015?

FRF: Agree with 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 2013 through December 2013 for each investor-owned electric utility subject to the GPIF?

FRF: Agree with OPC.

ISSUE 17: What should the GPIF targets/ranges be for the period January 2015 through December 2015 for each investor-owned electric utility subject to the GPIF?

FRF: Agree with OPC.

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 2015 through December 2015?

FRF: Agree with OPC.

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 2015 through December 2015?

FRF: Agree with OPC.

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2015 through December 2015?

FRF: Agree with OPC.

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?

FRF: Agree with OPC.

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

FRF: Agree with OPC.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, Inc.

ISSUE 23A: Has DEF included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 140009-EI?

FRF: Agree with OPC.

Florida Power & Light Company

ISSUE 24A: Has FPL included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 140009-EI?

FRF: Agree with OPC.

ISSUE 24B: What are the appropriate 2015 projected non-fuel revenue requirements for West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause?

FRF: Agree with 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 25A, 25B, 25C, 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 26A, 26B, 26C, and so forth, as appropriate.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 27: What are the appropriate capacity cost recovery final true-up amounts for the period January 2013 through December 2013?

FRF: Agree with OPC.

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2014 through December 2014?

FRF: Agree with OPC.

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2015 through December 2015?

FRF: Agree with OPC.

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2015 through December 2015?

FRF: Agree with OPC.

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 2015 through December 2015?

FRF: Agree with OPC.

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 2015 through December 2015?

FRF: Agree with OPC.

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2015 through December 2015?

FRF: Agree with OPC.

III. EFFECTIVE DATE

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

FRF: Agree with OPC.

ISSUE 35: Should this docket be closed?

FRF: Agree with OPC.

5. STIPULATED ISSUES:

FPL and the OPC have stipulated that issues related to replacement power associated with the March/April 2014 extended outage at St. Lucie Unit #2 should be deferred until the 2015 hearing cycle.

6. PENDING MOTIONS:

The FRF has no pending motions before the Commission in this docket.

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

The FRF has no pending requests or claims for confidentiality.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

As of the time of filing its prehearing statement, the FRF does not expect to challenge the qualification of any witness. However, the FRF believes that each party that intends to rely upon a witness's testimony as expert testimony should be required to identify the field or fields of expertise of such witness and to provide the basis for the witness's claimed expertise.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Retail Federation cannot comply.

Respectfully submitted this 26th day of September, 2014.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served by electronic mail on this 26th day of September, 2014.

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