

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 140001-EI
ORDER NO. PSC-14-0587-PHO-EI
ISSUED: October 15, 2014

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 8, 2014, in Tallahassee, Florida, before Commissioner Julie I. Brown, as Prehearing Officer.

APPEARANCES:

R. WADE LITCHFIELD, JOHN T. BUTLER, and MARIA J. MONCADA,
ESQUIRES, Florida Power & Light Company, 700 Universe Boulevard, Juno
Beach, Florida 33408-0420
On behalf of Florida Power & Light Company (FPL)

JOHN T. BURNETT, DIANNE M. TRIPLETT, and MATTHEW BERNIER,
ESQUIRES, 106 East College Avenue, Tallahassee, Florida 32301-7740
On behalf of Duke Energy Florida, Inc. (DEF)

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)

JEFFREY A. STONE, RUSSELL A. BADDERS, and STEVEN R. GRIFFIN,
ESQUIRES, Beggs & Lane, Post Office Box 12950, Pensacola, Florida
32591-2950
On behalf of Gulf Power Company (GULF)

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

J.R. KELLY, PATRICIA A. CHRISTENSEN, CHARLES REHWINKEL, and
ERIK SAYLER, 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., KAREN PUTNAL, and VICKI GORDON KAUFMAN, 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 SCHEFFEL WRIGHT and JOHN T. LAVIA, III, ESQUIRES, Gardner, Bist, Wiener, Bowden, Bush, Dee, LaVia & Wright, P.A., 1300 Thomaswood Drive, Tallahassee, Florida 32308

On behalf of the Florida Retail Federation (FRF)

JAMES W. BREW and OWEN J. KOPON, ESQUIRES, Brickfield, Burchette, Ritts & Stone, P.C., 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)

MARTHA BARRERA, KEINO YOUNG, and KYESHA MAPP, 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

PREHEARING ORDER

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 October 22-24, 2014. The Commission will address those issues listed in this prehearing order. The Commission has the option to render a bench decision 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 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.

While it is the policy of this Commission for all Commission hearings to 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, 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 and Staff 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, which shall be limited to five 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

Each witness whose name is preceded by an asterisk (*) will be excused from the hearing if no Commissioners have questions for them.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
G.J. Yupp	FPL	2A-2E
G.J. Yupp/*D. Grissette	FPL	8-11, 18
*Terry J. Keith	FPL	8-11, 18-22, 24A, 24B, 27-33, 34, 35
*J. C. Bullock	FPL	16, 17

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
Thomas G. Foster	DEF	8, 23A, 1C, 6, 7, 9, 10, 11, 18, 19-22, 27-33, 34
James McClay	DEF	1A, 1B
*Matthew J. Jones	DEF	16, 17
*Curtis D. Young	FPUC	3A, 8, 9, 10
*Curtis D. Young/P. Mark Cutshaw (Panel)	FPUC	3A, 3B, 3C, 3D, 11, 19, 20, 21, 22, 23, 35
H. R. Ball	Gulf	4A, 4B, 4C, 6, 7, 8, 9, 27, 28, 30, 31
*C. S. Boyett	Gulf	6, 7, 8, 9, 10, 11, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32, 33, 34
*M. A. Young	Gulf	16, 17
*Penelope A. Rusk	TECO	6, 7, 8, 9, 10, 11, 18, 19, 20, 21, 22, 27, 28, 29, 30, 31, 32, 33 34, 35
*Brian S. Buckley	TECO	16, 17, 18
Benjamin F. Smith	TECO	5A, 5B, 18, 31
Brent C. Caldwell	TECO	5A, 5B, 18
*Simon O. Ojada	Staff	1A
*Iliana H. Piedra	Staff	2A
*Debra M. Dobiac	Staff	4A
*Intesar Terkawi	Staff	5A

VII. BASIC POSITIONS

FPL: FPL's 2015 Fuel and Purchased Power Cost Recovery factors and Capacity Cost Recovery factors, including the prior period true-ups reflected therein, are reasonable and should be approved. FPL's hedging activities, as reported in the April 2014 and August 2014 hedging reports should be approved as prudent, and FPL's 2015 Risk Management Plan should be approved. FPL's asset optimization activities in 2013 delivered total gains of \$24,563,872. The total gains did not exceed the sharing threshold of \$46 million and, therefore, customers received 100% of these benefits. FPL's Incremental Optimization Costs are reasonable and should be approved for recovery.

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

FPUC: The Company has properly projected its costs. Likewise, the Company has calculated its true-up amounts and purchased power cost recovery factors appropriately. As such, the Company asks that consolidation of the Company's fuel factors for its Northwest and Northeast divisions be approved and that the associated consolidated amounts be approved by the Commission.

GULF: It is the basic position of Gulf Power Company that the fuel and capacity cost recovery factors proposed by the Company present the best estimate of Gulf's fuel and capacity expense for the period January 2015 through December 2015 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

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 3.868 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 2015; a GPIF reward of \$1,689,728 for performance during 2013; and approval of the company's proposed GPIF targets and ranges for 2015. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of \$1,403,580 for calendar year 2015.

OPC: The Public Counsel's basic position in this docket is that, in reviewing fuel and capacity related costs, the Commission should impose the level of scrutiny and burden of proof on the utilities for recovery of costs through the fuel clause as is required by Chapters 120 and 366, Fla. Stat.

In the 2014 clause hearings, the Public Counsel has taken the position that Duke should not recover the cost of replacement fuel for the outage caused by fires at the Bartow plant site. While Duke has also taken the same position, the Commission must insure that all the effects of the fire have been removed and that customers are not charged for the cost of this event. Any other unplanned outage cost impacts related to fire(s) should be evaluated in the 2015 hearing cycle. The OPC further submits that the Commission must also insure that 100% of the refunds due customers under the 2012 and 2013 Settlement agreements are flowed through to customers.

With respect to FPL, the Company has asked for the recovery of costs related to its proposed gas reserves investment. The Public Counsel has filed a motion to dismiss that petition on jurisdictional grounds and has filed testimony in opposition to FPL's request. A common theme of both filings is that the FPL gas reserves proposal does not qualify for recovery under the long-standing Commission policy governing costs eligible for fuel clause cost recovery. Consistent with our position in that portion of the case, the OPC objects to the Commission including the costs associated with the Gas Reserves Petition (GRP) in the factor for 2015. There should be no presumption in favor of inclusion merely because FPL has filed a petition. FPL has filed a revised petition with the cost of the GRP calculated both ways – in and out. The OPC supports the calculation of the fuel factor (assuming all other issues are resolved consistent with FPL's burden of proof) with the GRP costs "out" in accord with Appendix III of Witness Terry Keith's testimony. FPL and the OPC have agreed that any issues related to replacement power for any extended outage at the St. Lucie Unit No. 2 should be deferred to the 2015 hearing cycle.

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 Intervenor provide evidence to the contrary.

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

FIPUG opposes FPL's efforts to have ratepayers fund oil and gas exploration and production ventures in Oklahoma. FPL's proposal places the risk of future natural gas market prices squarely on the backs of ratepayers. Ironically, FPL has avoided this very same risk for years, as fuel costs are passed through annually to ratepayers in this proceeding. FPL's ratepayers do not want to accept this natural gas fuel cost risk, and it should not be forced upon them. As this issue is presently scheduled to be considered in December, FIPUG reserves the right to support its statement of position after further discovery is conducted.

FRF: 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.

PCS: PCS Phosphate generally accepts and adopts the positions taken by the Florida Office of Public Counsel ("OPC").

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.

VIII. ISSUES AND POSITIONS

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?

POSITIONS

DEF: Yes. DEF's actions are reasonable and prudent. (McClay)

OPC: No position.

FIPUG: Duke must meet its burden of proof.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

STAFF: No position pending evidence adduced at the hearing.

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

POSITIONS

DEF: Yes. (McClay)

OPC: No position.

FIPUG: Duke must meet its burden of proof.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

STAFF: No position pending evidence adduced at the hearing.

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?

POSITIONS

DEF: Yes, DEF chose to reduce retail fuel expense thereby removing the impact of the replacement power to retail customers. (Foster)

OPC: At this time, the OPC is in agreement with the position taken by Duke that the costs associated with the replacement power associated with the Bartow transformer fire in April 2014 should not be passed on to the customers. Duke should demonstrate at the hearing that these costs have indeed been withheld from requested fuel cost recovery.

FIPUG: Replacement power costs associated with the Bartow transformer fire (April 2014) should not be paid for by ratepayers.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

STAFF: No position pending evidence adduced at the hearing.

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?

POSITIONS

FPL: Yes. FPL's actions to mitigate the price volatility of natural gas, residual oil and purchased power prices, as reported in FPL's April 2014 and August 2014 hedging reports are reasonable and prudent. (Yupp)

OPC: No position.

FIPUG: FPL must meet its burden of proof.

FRF: Agree with OPC.

PCS: No position.

STAFF: No position pending evidence adduced at the hearing.

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

POSITIONS

FPL: Yes. On August 5, 2008, FPL filed a petition in the fuel docket requesting approval of Hedging Order Clarification Guidelines (the "Hedging Guidelines"). The Hedging Guidelines were approved at the Commission's September 16, 2008 Agenda Conference. Section I of the Hedging Guidelines provides for investor-owned utilities such as FPL to file a risk management plan covering the activities to be undertaken during the following calendar year for hedges applicable to subsequent years, and for the Commission to review such plans for approval in the annual fuel adjustment hearing held in October. FPL's 2015 Risk Management Plan is consistent with the Hedging Guidelines and should be approved. (Yupp)

OPC: No position.

FIPUG: FPL must meet its burden of proof.

FRF: Agree with OPC.

PCS: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 2C: *Proposed Type 2 Stipulation, See Section X*

ISSUE 2D: *Proposed Type 2 Stipulation, See Section X*

ISSUE 2E: *Proposed Type 2 Stipulation, See Section X*

Florida Public Utilities Company (FPUC)

ISSUE 3A: *Proposed Type 2 Stipulation, See Section X*

ISSUE 3B: *Proposed Type 2 Stipulation, See Section X*

ISSUE 3C: Withdrawn

ISSUE 3D: *Proposed Type 2 Stipulation, See Section X*

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?**

POSITIONS

GULF: Yes. (Ball)

OPC: No position.

FIPUG: Gulf must meet its burden of proof.

FRF: Agree with OPC.

PCS: No position.

STAFF: No position pending evidence adduced at the hearing.

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

POSITIONS

GULF: Yes. (Ball)

OPC: No position.

FIPUG: Gulf must meet its burden of proof.

FRF: Agree with OPC.

PCS: No position.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 4C: *Proposed Type 2 Stipulation, See Section X*

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?**

POSITIONS

TECO: Yes. Tampa Electric prudently followed its 2013 and 2014 Risk Management Plans and accordingly utilized financial hedges to mitigate volatility of natural gas prices during the period January 2013 through July 2014. (Caldwell, Smith)

OPC: No position.

FIPUG: TECO must meet its burden of proof.

FRF: Agree with OPC.

PCS: No position.

STAFF: No position pending evidence adduced at the hearing.

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

POSITIONS

TECO: Yes. Tampa Electric's 2015 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Caldwell, Smith)

OPC: No position.

FIPUG: TECO must meet its burden of proof.

FRF: Agree with OPC.

PCS: No position.

STAFF: No position pending evidence adduced at the hearing.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: *Proposed Type 2 Stipulation, See Section X*

ISSUE 7: *Proposed Type 2 Stipulation, See Section X*

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

POSITIONS

FPL: \$98,482 under-recovery. (Keith)

DEF: \$27,234,093 over-recovery. (Foster)

FPUC: *Proposed Type 2 Stipulation, See Section X*

GULF: Under recovery \$4,954,515. (Ball, Boyett)

TECO: \$23,552,208 over-recovery. (Rusk)

OPC: The cost recovery amounts should reflect the position taken by OPC in the company specific issues.

FIPUG: The burden of proof must be met on this issue.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

STAFF: No position pending evidence adduced at the hearing.

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

POSITIONS

FPL: \$266,562,206 under-recovery. (Keith)

DEF: \$100,906,296 under-recovery. (Foster)

- FPUC:** *Proposed Type 2 Stipulation, See Section X*
- GULF:** Under recovery \$43,001,980. (Ball, Boyett)
- TECO:** \$10,166,001 under-recovery. (Rusk)
- OPC:** The cost recovery amounts should reflect the position taken by OPC in the company specific issues.
- FIPUG:** The burden of proof must be met on this issue.
- FRF:** Agree with OPC.
- PCS:** PCS agrees with the Office of Public Counsel.
- STAFF:** No position pending evidence adduced at the hearing.
- ISSUE 10:** **What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2015 to December 2015?**

POSITIONS

- FPL:** \$266,660,688 under-recovery. (Keith)
- DEF:** \$73,672,203 under-recovery. (Foster)
- FPUC:** *Proposed Type 2 Stipulation, See Section X*
- GULF:** Collection of \$47,956,495. (Boyett)
- TECO:** \$13,386,207 over-recovery. (Rusk)
- OPC:** The cost recovery amounts should reflect the position taken by OPC in the company specific issues. For FPL, the factors should, at a minimum, be based on the factors contained in Appendix III of the revised testimony of Terry Keith, filed on September 15, 2014. For Duke, the Commission must also insure that 100% of the refunds due customers under the 2012 and 2013 Settlement agreements are flowed through to customers. Further, the costs associated with the replacement power associated with the Bartow transformer fire in April 2014 should not be passed on to the customers. Duke should demonstrate at the hearing that these costs have indeed been withheld from requested fuel cost recovery.

FIPUG: No monies related to FPL's proposed oil and gas exploration and production venture should be recovered in this proceeding. The burden of proof must be met on this issue.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

STAFF: No position pending evidence adduced at the hearing.

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

POSITIONS

FPL: \$3,677,533,642 including prior period true-ups and revenue taxes and excluding the GPIF reward. (Keith)

DEF: \$1,638,735,421. (Foster)

FPUC: *Proposed Type 2 Stipulation, See Section X*

GULF: \$477,064,691 including prior period true-up amounts and revenue taxes. (Boyett)

TECO: 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 \$718,442,920. (Rusk)

OPC: The cost recovery amounts should reflect the position taken by OPC in the company specific issues. For FPL, the factors should, at a minimum, be based on the factors contained in Appendix III of the revised testimony of Terry Keith, filed on September 15, 2014. For Duke, the Commission must also insure that 100% of the refunds due customers under the 2012 and 2013 Settlement agreements are flowed through to customers. Further, the costs associated with the replacement power associated with the Bartow transformer fire in April 2014 should not be passed on to the customers. Duke should demonstrate at the hearing that these costs have indeed been withheld from requested fuel cost recovery.

FIPUG: No monies related to FPL's proposed oil and gas exploration and production venture should be recovered in this proceeding. The burden of proof must be met on this issue.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

STAFF: No position pending evidence adduced at the hearing.

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: *Proposed Type 2 Stipulation, See Section X*

ISSUE 17: *Proposed Type 2 Stipulation, See Section X*

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?**

POSITIONS

FPL: \$3,689,348,565 including prior period true-ups, revenue taxes and GPIF reward. (Keith)

DEF: \$1,715,872,410. (Foster)

FPUC: *Proposed Type 2 Stipulation, See Section X*

GULF: \$479,588,629 including prior period true-up amounts and revenue taxes. (Boyett)

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2015 through December 2015, adjusted by the jurisdictional separation factor, is \$731,829,127. 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 \$720,649,927. (Rusk, Caldwell, Buckley, Smith)

OPC: The cost recovery amounts should reflect the position taken by OPC in the company specific issues.

FIPUG: The burden of proof must be met on this issue.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

STAFF: No position pending evidence adduced at the hearing.

ISSUE 19: *Proposed Type 2 Stipulation, See Section X*

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

POSITIONS

FPL: 3.409 cents/kWh for January 2015 through December 2015. (Keith)

DEF: 4.541 cents per kWh (adjusted for jurisdictional losses). (Foster)

FPUC: *Proposed Type 2 Stipulation, See Section X*

GULF: 4.335 cents/kWh. (Boyett)

TECO: The appropriate factor is 3.868 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Rusk)

OPC: No position.

FIPUG: The burden of proof must be met on this issue.

FRF: Agree with OPC.

PCS: PCS agrees with the Office of Public Counsel.

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STAFF: No position pending evidence adduced at the hearing.

ISSUE 21: *Proposed Type 2 Stipulation, See Section X*

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

POSITIONS

FPL:

FUEL RECOVERY FACTORS - BY RATE GROUP
 (ADJUSTED FOR LINE/TRANSFORMATION LOSSES)
 ESTIMATED FOR THE PERIOD OF: JANUARY 2015 THROUGH DECEMBER 2015

(1) GROUPS	(2) RATE SCHEDULE	(3) (4) (5) JANUARY - DECEMBER		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
A	RS-1 first 1,000 kWh	3.409	1.00284	3.096
A	RS-1 all additional kWh	3.409	1.00284	4.096
A	GS-1, SL-2, GSCU-1, WIES-1	3.409	1.00284	3.419
A-1	SL-1, OL-1, PL-1 ⁽¹⁾	3.142	1.00284	3.151
B	GSD-1	3.409	1.00277	3.418
C	GSLD-1, CS-1	3.409	1.00182	3.415
D	GSLD-2, CS-2, OS-2, MET	3.409	0.99347	3.387
E	GSLD-3, CS-3	3.409	0.96714	3.297
A	GST-1 On-Peak	4.732	1.00284	4.745
	GST-1 Off-Peak	2.840	1.00284	2.848
A	RTR-1 On-Peak	-	-	1.326
	RTR-1 Off-Peak	-	-	(0.571)
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On-Peak	4.732	1.00276	4.745
	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off-Peak	2.840	1.00276	2.848
C	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) On-Peak	4.732	1.00182	4.741
	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) Off-Peak	2.840	1.00182	2.845
D	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) On-Peak	4.732	0.99407	4.704
	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) Off-Peak	2.840	0.99407	2.823
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) On-Peak	4.732	0.96714	4.577
	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) Off-Peak	2.840	0.96714	2.747
F	CILC-1(D), ISST-1(D) On-Peak	4.732	0.99316	4.700
	CILC-1(D), ISST-1(D) Off-Peak	2.840	0.99316	2.821

⁽¹⁾ WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

(Keith)

DETERMINATION OF SEASONAL DEMAND TIME OF USE RIDER (SDTR)
 FUEL RECOVERY FACTORS
 ESTIMATED FOR THE PERIOD OF: JANUARY 2015 THROUGH DECEMBER 2015
 OFF PEAK: ALL OTHER HOURS

(1) GROUPS	(2) RATE SCHEDULE	(3) JUNE - SEPTEMBER		
		(4) Average Factor	(5) Fuel Recovery Loss Multiplier	(6) Fuel Recovery Factor
B	GSD(T)-1 On-Peak	6.845	1.00277	6.864
	GSD(T)-1 Off-Peak	2.789	1.00277	2.797
C	GSLD(T)-1 On-Peak	6.845	1.00182	6.857
	GSLD(T)-1 Off-Peak	2.789	1.00182	2.794
D	GSLD(T)-2 On-Peak	6.845	0.99407	6.804
	GSLD(T)-2 Off-Peak	2.789	0.99407	2.772

Note: On-Peak Period is defined as June through September, weekdays 3:00pm to 6:00pm
 Off Peak Period is defined as all other hours.

Note: All other months served under the otherwise applicable rate schedule.
 See Schedule E-1E, Page 1 of 2.

Note: Totals may not add due to rounding.

(Keith)

DEF:

Fuel Cost Factors (cents/kWh)						
GSD-1, GSDT-1, SS-1, CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3, IS-1, IST-1, IS-2, IST-2, SS-2, LS-1						
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use	
					On-Peak	Off-Peak
A	Transmission	--	--	4.554	6.130	3.812
B	Distribution Primary	--	--	4.601	6.193	3.851
C	Distribution Secondary	--	--	4.647	6.255	3.890
D	Lighting Secondary	--	--	4.332	--	--

Fuel Cost Factors (cents/kWh) RS-1, RST-1, RSL-1, RSL-2, RSS-1						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
C	Distribution Secondary	4.323	5.323	4.598	6.189	3.849

(Foster)

Fuel Cost Factors (cents/kWh) GS-1, GST-1, GS-2						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	4.513	6.074	3.777
B	Distribution Primary	--	--	4.559	6.136	3.816
C	Distribution Secondary	--	--	4.605	6.198	3.854

(Foster)

FPUC: *Proposed Type 2 Stipulation, See Section X*

GULF: See table below: (Boyett)

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00773	4.369	5.174	4.031
B	LP, LPT, SBS(2)	0.98353	4.264	5.049	3.934
C	PX, PXT, RTP, SBS(3)	0.96591	4.187	4.959	3.864
D	OSI/II	1.00777	4.318	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 kW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 kW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 kW will use the recovery factor applicable to Rate Schedule PX.

TECO: The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>	
Secondary	3.874	
RS Tier I (Up to 1,000 kWh)	3.559	
RS Tier II (Over 1,000 kWh)	4.559	
Distribution Primary	3.835	
Transmission	3.797	
Lighting Service	3.830	
Distribution Secondary	4.114	(on-peak)
	3.772	(off-peak)
Distribution Primary	4.073	(on-peak)
	3.734	(off-peak)
Transmission	4.032	(on-peak)
	3.697	(off-peak)
(Rusk)		

OPC: No position.

FIPUG: The burden of proof must be met on this issue.

FRF: Agree with OPC.

PCS: No position.

STAFF: No position pending evidence adduced at the hearing.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, Inc.

ISSUE 23: *Proposed Type 2 Stipulation, See Section X*

Florida Power & Light Company

ISSUE 24A: *Proposed Type 2 Stipulation, See Section X*

ISSUE 24B: *Proposed Type 2 Stipulation, See Section X*

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: *Proposed Type 2 Stipulation, See Section X*

ISSUE 28: *Proposed Type 2 Stipulation, See Section X*

ISSUE 29: *Proposed Type 2 Stipulation, See Section X*

ISSUE 30: *Proposed Type 2 Stipulation, See Section X*

ISSUE 31: *Proposed Type 2 Stipulation, See Section X*

ISSUE 32: *Proposed Type 2 Stipulation, See Section X*

ISSUE 33: *Proposed Type 2 Stipulation, See Section X*

III. EFFECTIVE DATE

ISSUE 34: *Proposed Type 2 Stipulation, See Section X*

ISSUE 35: *Proposed Type 2 Stipulation, See Section X*

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
	<u>Direct</u>		
G. J. Yupp	FPL	GJY-1	2013 Incentive Mechanism Results
G. J. Yupp	FPL	GJY-2	August 2013 through December 2013 Hedging Activity True-up Report
G. J. Yupp	FPL	GJY-3	FCR 2015 Risk Management Plan
G. J. Yupp	FPL	GJY-4	Hedging Activity Report

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>
G. J. Yupp	FPL	GJY-5 Fuel Cost Recovery Forecast Assumptions
Terry J. Keith	FPL	TJK-1 Fuel Cost Recovery 2013 Final True Up Calculation
Terry J. Keith	FPL	TJK-2 Capacity Cost Recovery 2013 Final True Up Calculation
Terry J. Keith	FPL	TJK-3 FCR 2014 Actual/Estimated True Up Calculation
Terry J. Keith	FPL	TJK-4 CCR 2014 Actual/Estimated True Up Calculation
Terry J. Keith	FPL	TJK-5 FCR 2015 E-Schedules (with Gas Reserves Project) Jan through Dec 2015
Terry J. Keith	FPL	TJK-6 FCR 2015 E-Schedules (without Gas Reserves Project) Jan through Dec 2015
Terry J. Keith	FPL	TJK-7 CCR 2015 E-Schedules (with Gas Reserves Project) Jan through Dec 2015
Terry J. Keith	FPL	TJK-8 CCR 2015 E-Schedules (without Gas Reserves Project) Jan through December 2015
Terry J. Keith	FPL	TJK-9 2015 Revenue Requirement Calculation for West County Energy Center Unit 3
J. C. Bullock	FPL	JCB-1 Generating Performance Incentive Factor Performance Results for January 2013 through December 2013
J. C. Bullock	FPL	JCB-2 Generating Performance Incentive Factor Performance Targets for January 2015 through December 2015 (with Gas Reserves Project)
J. C. Bullock	FPL	JCB-3 Generating Performance Incentive Factor Performance Targets for January 2015 through December 2015 (without Gas Reserves Project)

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>
Thomas G. Foster	DEF	TGF-1T Fuel Cost Recovery True-Up (Jan – Dec. 2013)
Thomas G. Foster	DEF	TGF-2T Capacity Cost Recovery True-Up (Jan – Dec. 2013)
Thomas G. Foster	DEF	TGF-3T Schedules A1 through A3, A6 and A12 for Dec 2013
Thomas G. Foster	DEF	TGF-4T 2013 Capital Structure and Cost Rates Applied to Capital Projects
Thomas G. Foster	DEF	TGF-2 Actual/Estimated true-up Schedules for period January – December 2014
Thomas G. Foster	DEF	TGF-3 Projection factors for January to December 2015
James McClay	DEF	JM-1P 2015 Risk Management Plan
James McClay	DEF	JM-2P Hedging Report (January – July 2014)
Matthew J. Jones	DEF	MJJ-1T GPIF Reward/Penalty Schedules for 2013
Matthew J. Jones	DEF	MJJ-1P GPIF Targets/Ranges Schedules (for Jan – Dec. 2015)
Curtis D. Young	FPUC	CDY-1 Final True Up Schedules (Schedules F-1 and M-1 for FPUC’s Divisions)
Curtis D. Young	FPUC	CDY-2 Estimated/Actual (Schedules EI-A, EI-B, and EI-B1 for the Northwest Division and EI-A, EI-B, and EI-B1 for the Northeast Division)(Second Revised)
Curtis D. Young/P. Mark Cutshaw (Panel)	FPUC	CDY-3 Schedules E1, E1A, E2, E7, and E10 for the Northwest Division and E1, E1A, E2, E7, E8, and E10 for the Northeast Division
H. R. Ball	Gulf	HRB-1 Coal Suppliers, Natural Gas Price Variance, Hedging Effectiveness
H. R. Ball	Gulf	HRB-2 Purchase power agreement between Gulf Power and Bay County

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
H. R. Ball	Gulf	HRB-3	Projected vs. Actual Fuel Cost of System Generation Comparison 2004 - 2015
H. R. Ball	Gulf	HRB-4	Hedging Information Report August – December 2013
H. R. Ball	Gulf	HRB-5	Hedging Information Report January – July 2014
H. R. Ball	Gulf	HRB-6	Risk Management Plan for Fuel Procurement for 2015
C. S. Boyett	Gulf	RWD-1	Calculation of Final True-Up and A-Schedules January 2013 – December 2013
C. S. Boyett	Gulf	CSB-1	Estimated True-Up January 2014 – December 2014
C. S. Boyett	Gulf	CSB-2	Projection January 2015 – December 2015
M. A. Young	Gulf	MAY-1	Gulf Power Company GPIF Results January 2013 – December 2013
M. A. Young	Gulf	MAY-2	Gulf Power Company GPIF Targets and Ranges January 2015 – December 2015
Penelope A. Rusk	TECO	PAR-1	For January 2013 - December 2013: Final True-up Capacity Cost Recovery; Final True-up Fuel Cost Recovery; Actual Fuel True-up compared to Original Estimates; Schedules A-1, A-2 and A-6 through A-9 and A-12; Calculation of Revenue Requirement Rate of Return; and Final True-Up Polk Unit 1 Ignition Oil Conversion

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Penelope A. Rusk	TECO	PAR-2	For January 2014 – December 2014: Actual/Estimated True-Up Fuel Cost Recovery; Actual/Estimated True-Up Capacity Cost Recovery; and Actual/Estimated True-Up Polk Unit 1 Ignition Oil Conversion
Penelope A. Rusk	TECO	PAR-3	For January 2015 – December 2015: Projected Capacity Cost Recovery; Projected Fuel Cost Recovery; Levelized and Tiered Fuel Rate; and Capital Projects Approved for Fuel Clause Recovery
Brian S. Buckley	TECO	BSB-1	For January 2013 – December 2013: Final True-Up Generating Performance Incentive Factor and Actual Unit Performance Data
Brian S. Buckley	TECO	BSB-2	For January 2015 – December 2015: Generating Performance Incentive Factor and Summary of Generating Performance Incentive Factor Targets
Brent C. Caldwell	TECO	JBC-1	Final True-Up Hedging Activity Report - January 2013 – December 2013
Brent C. Caldwell	TECO	JBC-2	Risk Management Plan - January 2015 – December 2015
Brent C. Caldwell	TECO	JBC-3	Natural Gas Hedging Report - January 2014 – July 2014
Simon O. Ojada	Staff	SOO-1	Commission Staff's Auditor Report for DEF Hedging Activities Twelve Months Ended July 31, 2014
Iliana H. Piedra	Staff	IHP-1	Commission Staff's Auditor Report for FPL Hedging Activities Twelve Months Ended July 31, 2014
Debra M. Dobiac	Staff	DD-1	Commission Staff's Auditor Report for Gulf Hedging Activities Twelve Months Ended July 31, 2014

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Intesar Terkawi	Staff	IT-1	Commission Staff's Auditor Report for TECO Hedging Activities Twelve Months Ended July 31, 2014

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

X. PROPOSED STIPULATIONS

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

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?

**Type 2 Stipulation*

The total gain in 2013 under the Incentive Mechanism approved in Order No. PSC-13-0023-S-EI, is \$24,563,872. That gain should be allocated to customers because \$24,563,872 is below the threshold for sharing between FPL and customers.

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?

**Type 2 Stipulation*

The amount of Incremental Optimization Costs for Personnel, Software, and Hardware Costs that FPL should be allowed to recover through the Fuel Clause is \$464,747 for the period January 2014 through December 2014 and \$453,534 for the period January 2015 through December 2015.

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 MWh?

**Type 2 Stipulation*

The amount of Incremental Optimization Costs for Variable Power Plant Operations and Maintenance Costs over the 514,000 MWh Threshold that FPL

should be allowed to recover through the Fuel Clause is \$1,832,655 for the period January 2014 through December 2014 and \$1,866,360 for the period January 2015 through December 2015.

Florida Public Utilities Company (FPUC)

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

**Type 2 Stipulation*

Yes. Consolidation of the Company's fuel factors will substantially eliminate unfair cross-subsidies between the two divisions that arise from recovery of transmission-related costs through the Company's consolidated base rates.

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

**Type 2 Stipulation*

Yes, if consolidation is not approved, application of the methodology approved in Order No. PSC-13-0665-FOF-EI is a reasonable means to address the inequities that otherwise exist due to the recovery of the Northeast Division's transmission assets through base rates.

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?

**Type 2 Stipulation*

The appropriate consolidated rate for the new Lighting Service rate class is 8.034 cents per KWH.

Gulf Power Company

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

**Type 2 Stipulation*

GULF: *Yes. The Commission should approve the amended and restated contract between Gulf Power Company and Bay County, Florida, for purchase of the entire generation of the Bay County Resource Recovery Facility by Gulf*

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?

**Type 2 Stipulation*

The appropriate actual benchmark levels for calendar year 2014 for gains on non-separated wholesale energy sales eligible for a shareholder incentive are:

FPL: *FPL implemented a new Incentive Mechanism beginning in 2013, which was a component of the Stipulation and Settlement that was approved by the Commission in Order No. PSC-13-0023-S-EI issued on January 14, 2013 in Docket No. 120015-EI. The new Incentive Mechanism does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI, so there is no need to continue calculating that benchmark for FPL.*

DEF: \$359,523.

GULF: \$392,610.

TECO: \$681,121.

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?**

**Type 2 Stipulation*

The appropriate estimated benchmark levels for calendar year 2015 for gains on non-separated wholesale energy sales eligible for a shareholder incentive are as follows:

FPL: *FPL implemented a new Incentive Mechanism beginning in 2013, which was a component of the Stipulation and Settlement that was approved by the Commission in Order No. PSC-13-0023-S-EI issued on January 14, 2013 in Docket No. 120015-EI. The new Incentive Mechanism does not rely upon the three-year average Shareholder Incentive Benchmark specified in Order No. PSC-00-1744-PAA-EI, so there is no need to continue calculating that benchmark for FPL.*

DEF: \$2,204,634.

Gulf: \$685,224.

TECO: \$1,403,580.

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

**Type 2 Stipulation*

FPUC *The appropriate final fuel adjustment true-up amount for the period January 2013 through December 2013 is \$521,768 to be collected (under-recovery).*

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

**Type 2 Stipulation*

FPUC: *The appropriate fuel adjustment actual/estimated true-up amount for the period January 2014 through December 2014 is \$2,385,797 to be collected (under-recovery).*

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

**Type 2 Stipulation*

FPUC: *The appropriate fuel adjustment actual/estimated true-up amount for the period January 2014 through December 2014 is \$2,907,565 to be collected (under-recovery).*

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

**Type 2 Stipulation*

FPUC: *The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2015 through December 2015 is \$65,713,065.*

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?

**Type 2 Stipulation*

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 are as follows:

FPL: \$11,814,923 reward.

DEF: \$2,231,853 reward.

GULF: \$2,523,938 reward.

TECO: \$1,689,728 reward.

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?

**Type 2 Stipulation*

The appropriate GPIF targets and ranges for the period January 2015 through December 2015 for each investor-owned electric utility subject to the GPIF are shown below.

**GPIF TARGET AND RANGE SUMMARY
JANUARY THROUGH DECEMBER, 2015**

Company (Exhibit)	Plant/Unit	EAF			ANOHR			Total Projected Max Fuel Savings (\$000's)
		Target	Maximum		Target	Maximum		
		EAF (%)	EAF (%)	Savings (\$000's)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000's)	
FPL (JCB-3)	Ft. Myers 2	84.1	86.6	4,632	7,197	7,064	3,269	7,901
	Martin 8	84.7	87.2	5,016	6,922	6,789	3,875	8,891
	Manatee 3	90.3	92.8	4,334	6,921	6,804	2,808	7,142
	St. Lucie 1	83.5	86.5	10,330	10,405	10,277	4,648	14,978
	St. Lucie 2	84.8	87.8	8,509	10,288	10,142	4,249	12,758
	Turkey Point 3	83.2	86.2	8,483	11,143	10,972	4,845	13,328
	Turkey Point 4	93.6	96.6	9,342	11,002	10,821	5,695	15,037
	Turkey Point 5	91.1	93.6	5,545	7,011	6,861	3,838	9,383
	West County 1	89.8	92.3	5,358	6,795	6,649	5,235	10,593
	West County 2	78.8	81.8	5,709	6,866	6,726	4,357	10,066
	West County 3	90.0	92.0	3,965	6,704	6,569	4,392	8,357
	Total			71,223			47,211	118,434
DEF (MJJ-1P)	Bartow 4	87.5	90.0	2,487	7,451	7,060	15,949	18,436
	Crystal River 4	91.9	95.6	3,181	10,354	9,885	7,968	11,149
	Crystal River 5	89.2	91.6	2,301	10,157	9,715	7,214	9,515
	Hines 1	86.3	87.3	397	7,266	6,823	7,824	8,221
	Hines 2	89.2	89.8	431	7,225	6,870	5,495	5,926
	Hines 3	92.3	93.2	734	7,151	6,680	9,234	9,968
	Hines 4	86.7	87.1	391	6,964	6,695	5,185	5,576
		Total			9,922			58,869
GULF (MAY-2)	Crist 6	81.1	81.6	0	12,533	12,157	150	150
	Crist 7	94.9	96.0	0	10,890	10,563	1,280	1,280
	Daniel 1	73.3	75.0	45	10,366	10,055	708	753
	Daniel 2	88.7	89.9	38	10,196	9,890	946	984

	<i>Smith 3</i>	92.7	93.4	137	6,852	6,646	3,728	3,865
	<i>Total</i>			220			6,812	7,032
<i>TECO (BSB-2)</i>	<i>BIG BEND 1</i>	61.2	65.5	1,198	10,563	10,368	1,299	2,497
	<i>BIG BEND 2</i>	75.2	79.2	315	10,379	10,149	1,740	2,054
	<i>BIG BEND 3</i>	79.2	82.4	229	10,495	10,326	1,382	1,612
	<i>BIG BEND 4</i>	80.3	83.2	636	10,416	10,245	1,365	2,001
	<i>POLK 1</i>	77.1	79.6	92	10,552	10,020	2,565	2,656
	<i>BAYSIDE 1</i>	89.9	91.2	522	7,414	7,322	928	1,450
	<i>BAYSIDE 2</i>	86.6	88.4	1,557	7,447	7,351	1,577	3,134
	<i>Total</i>			4,549			10,856	15,405

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?

**Type 2 Stipulation*

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 2015 through December 2015 is \$68,120,630, which includes prior period true-ups.*

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?

**Type 2 Stipulation*

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 is 1.00072.

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

**Type 2 Stipulation*

FPUC: *The appropriate levelized fuel cost recovery factor for the period January 2015 through December 2015 is 6.496 cents/kWh..*

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?

**Type 2 Stipulation*

FPL: *The appropriate fuel cost recovery line loss multipliers are provided in response to Issue No. 22.*

DEF:

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

FPUC: *Consolidated Electric Division: 1.0000 (All rate schedules)*

GULF: *See table below:*

Group	Rate Schedules	Line Loss Multipliers
<i>A</i>	<i>RS, RSVP, GS, GSD, GSDT, GSTOU, OSIII, SBS(1)</i>	<i>1.00773</i>
<i>B</i>	<i>LP, LPT, SBS(2)</i>	<i>0.98353</i>
<i>C</i>	<i>PX, PXT, RTP, SBS(3)</i>	<i>0.96591</i>
<i>D</i>	<i>OSI/II</i>	<i>1.00777</i>
<p><i>(1) Includes SBS customers with a contract demand in the range of 100 to 499 kW</i></p> <p><i>(2) Includes SBS customers with a contract demand in the range of 500 to 7,499 kW</i></p> <p><i>(3) Includes SBS customers with a contract demand over 7,499 kW</i></p>		

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

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

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

**Type 2 Stipulation*

FPUC: *The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2015 through December 2015 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are as follows:*

<i>Rate Schedule</i>	<i>Adjustment</i>
<i>RS</i>	<i>\$0.10718</i>
<i>GS</i>	<i>\$0.10350</i>
<i>GSD</i>	<i>\$0.09833</i>
<i>GSLD</i>	<i>\$0.09467</i>
<i>LS</i>	<i>\$0.08034</i>
<i>Step rate for RS</i>	
<i>RS Sales</i>	<i>\$0.10718</i>
<i>RS with less than 1,000 kWh/month</i>	<i>\$0.10290</i>
<i>RS with more than 1,000 kWh/month</i>	<i>\$0.11540</i>

Consistent with the fuel projections for the 2015 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2015 period are:

Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
<i>RS</i>	<i>\$0.18690</i>	<i>\$0.06390</i>
<i>GS</i>	<i>\$0.14350</i>	<i>\$0.05350</i>
<i>GSD</i>	<i>\$0.13833</i>	<i>\$0.06583</i>
<i>GSLD</i>	<i>\$0.15467</i>	<i>\$0.06467</i>
<i>Interruptible</i>	<i>\$0.07967</i>	<i>\$0.09467</i>

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, Inc.

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

**Type 2 Stipulation*

Yes. For the Crystal River 3 Uprate project, the amount to be included is that which is approved, if any, by the Commission at its October 2, 2014, Agenda Conference. For the Levy Nuclear Project, the amount is a function of the rates filed for collection as presented in Exhibit 9 (see below) of DEF's Revised and Restated Stipulation and Settlement Agreement.

Duke Energy Florida

Impact of Billing change to **Levy - CCR rate** for demand based rate classes to be on a kW basis rather than on current kWh basis

2014 and Beyond

	<u>NCRC Impact</u>	
RS	0.345	cents/KWH
RS	3.45	\$/1000 KWH
GS - 1	0.252	cents/KWH
GS - 2	0.182	cents/KWH
GSD	0.84	\$/kW-Mo
CS	0.91	\$/kW-Mo
IS	0.69	\$/kW-Mo
LS	0.052	cents/KWH
Retail Avg	0.282	cents/KWH

All rates at Secondary - for primary and transmission use 99% and 98% adjustment

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?

**Type 2 Stipulation*

FPL: *Yes. FPL has included in the capacity cost recovery clause the nuclear cost recovery amount of \$14,287,862 ordered by the Commission in Docket No. 140009-EI..*

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?

**Type 2 Stipulation*

FPL: *The appropriate 2015 projected non-fuel revenue requirements for West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause is \$149,615,862.*

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?**

**Type 2 Stipulation*

The appropriate capacity cost recovery final true-up amounts for the period January 2013 through December 2013 are as follows:

FPL: *\$11,054,159 over-recovery.*

DEF: *\$6,489,700 under-recovery.*

GULF: *\$662,017 under-recovery.*

TECO: *\$8,074 under-recovery.*

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

**Type 2 Stipulation*

The appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2014 through December 2014 are as follows:

FPL: *\$10,299,210 over-recovery.*

DEF: *\$10,501,540 under-recovery.*

GULF: *\$1,263,407 over recovery.*

TECO: *\$25,452 under-recovery.*

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?**

**Type 2 Stipulation*

The appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2015 through December 2015 are as follows:

FPL: \$21,353,369 over-recovery.

DEF: \$16,991,240 under-recovery.

GULF: Refund of \$601,390.

TECO: \$33,526 under-recovery.

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

**Type 2 Stipulation*

The appropriate projected total capacity cost recovery amounts for the period January 2015 through December 2015 are as follows:

FPL: Jurisdictionalized, \$484,446,002 for the period January 2015 through December 2015, excluding prior period true-ups, revenue taxes, nuclear cost recovery amount, and WCEC-3 jurisdictional non-fuel revenue requirements.

DEF: \$322,658,705.

GULF: \$86,002,133.

TECO: \$31,915,558.

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?

**Type 2 Stipulation*

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 are as follows:

FPL: The projected net purchased power capacity cost recovery amount to be recovered over the period January 2015 through December 2015 is \$627,340,071, including prior period true-ups, revenue taxes, the nuclear cost recovery amount and WCEC-3 revenue requirements.

DEF: *The appropriate projected net purchased power capacity cost recovery amount, excluding nuclear cost recovery, is \$339,894,492. The appropriate nuclear cost recovery amount is that which is approved in Issue 23.*

GULF: *\$85,462,232 including prior period true-up amounts and revenue taxes.*

TECO: *The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$31,972,087.*

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?**

**Type 2 Stipulation*

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 are as follows:

FPL:

<i>FPSC</i>	<i>94.64598%</i>
<i>FERC</i>	<i>5.35402%</i>

DEF: *Base – 92.885%, Intermediate – 72.703%, Peaking – 95.924%, consistent with the Revised and Restated Stipulation and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI, at p. 54.*

GULF: *97.07146%.*

TECO: *1.0000000.*

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

**Type 2 Stipulation*

FPL: *The January 2015 through December 2015 capacity cost recovery factors including WCEC-3 factors are as follows:*

RATE SCHEDULE	Total Jan 2015 - Dec 2015 Capacity Recovery Factor			
	(\$KW)	(\$/kwh)	RDC (\$/KW) ₍₁₎	SDD (\$/KW) ₍₂₎
RS1/RTR1	-	0.00635	-	-
GS1/GST1/WIES1	-	0.00571	-	-
GSD1/GSDT1/HLFT1	1.99	-	-	-
OS2	-	0.00537	-	-
GSLD1/GSLDT1/CS1/CST1/HLFT2	2.18	-	-	-
GSLD2/GSLDT2/CS2/CST2/HLFT3	2.23	-	-	-
GSLD3/GSLDT3/CS3/CST3	2.36	-	-	-
SST1T	-	-	\$0.28	\$0.13
SST1D1/SST1D2/SST1D3	-	-	\$0.28	\$0.13
CILC D/CILC G	2.43	-	-	-
CILC T	2.39	-	-	-
MET	2.71	-	-	-
OL1/SL1/PL1	-	0.00150	-	-
SL2, GSCU1	-	0.00396	-	-

DEF:

<u>Rate Class</u>	<u>CCR Factor</u>
<i>Residential</i>	<i>1.619 cents/kWh</i>
<i>General Service Non-Demand</i>	<i>1.282 cents/kWh</i>
@ Primary Voltage	<i>1.269 cents/kWh</i>
@ Transmission Voltage	<i>1.256 cents/kWh</i>
<i>General Service 100% Load Factor</i>	<i>0.883 cents/kWh</i>
<i>General Service Demand</i>	<i>4.19 \$/kW-month</i>
@ Primary Voltage	<i>4.15 \$/kW-month</i>
@ Transmission Voltage	<i>4.11 \$/kW-month</i>
<i>Curtable</i>	<i>3.13 \$/kW-month</i>
@ Primary Voltage	<i>3.10 \$/kW-month</i>
@ Transmission Voltage	<i>3.07 \$/kW-month</i>
<i>Interruptible</i>	<i>3.52 \$/kW-month</i>
@ Primary Voltage	<i>3.48 \$/kW-month</i>
@ Transmission Voltage	<i>3.45 \$/kW-month</i>
<i>Standby Monthly</i>	<i>0.410 \$/kW-month</i>
@ Primary Voltage	<i>0.406 \$/kW-month</i>
@ Transmission Voltage	<i>0.402 \$/kW-month</i>
<i>Standby Daily</i>	<i>0.195 \$/kW-month</i>
@ Primary Voltage	<i>0.193 \$/kW-month</i>
@ Transmission Voltage	<i>0.191 \$/kW-month</i>
<i>Lighting</i>	<i>0.235 cents/kWh</i>

GULF: See table below:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
<i>RS, RSVP</i>	<i>0.916</i>
<i>GS</i>	<i>0.810</i>
<i>GSD, GSDT, GSTOU</i>	<i>0.703</i>
<i>LP, LPT</i>	<i>2.82 (\$/kW)</i>
<i>PX, PXT, RTP, SBS</i>	<i>0.579</i>
<i>OS-I/II</i>	<i>0.122</i>
<i>OSIII</i>	<i>0.543</i>

TECO: The appropriate factors for January 2015 through December 2015 are as follows:

<i>Rate Class and Metering Voltage</i>	<i>Capacity Cost Recovery Factor</i>	
	<i>Cents per kWh</i>	<i>\$ per kW</i>
<i>RS Secondary</i>	<i>0.204</i>	
<i>GS and TS Secondary</i>	<i>0.183</i>	
<i>GSD, SBF Standard Secondary</i>		<i>0.63</i>
<i>Primary</i>		<i>0.62</i>
<i>Transmission</i>		<i>0.62</i>
<i>GSD Optional Secondary</i>	<i>0.147</i>	
<i>Primary</i>	<i>0.146</i>	
<i>IS, SBI</i>		
<i>Primary</i>		<i>0.41</i>
<i>Transmission</i>		<i>0.40</i>
<i>LSI Secondary</i>	<i>0.025</i>	

III. EFFECTIVE DATE

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

**Type 2 Stipulation*

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 2015. The first billing cycle may start before January 1, 2015, and the last billing

cycle may read for December 31, 2015, so that each customer is billed for 12 months regardless of when the fuel factors became effective. The new factors should continue in effect until modified by this Commission.

ISSUE 35: Should this docket be closed?

**Type 2 Stipulation*

The docket should remain open until issuance of a final order on the gas reserve issues and the time for appeal has run.

XI. PENDING MOTIONS

There are no pending motions.

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality orders for requests filed prior to October 6, 2014. Confidentiality orders for requests filed during the period from October 7 through October 20, 2014, will be issued prior to hearing.

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. 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 20 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed 5 minutes per party.

It is therefore, hereby

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

By ORDER of Commissioner Julie I. Brown, as Prehearing Officer, this 15th day of
October, 2014.



JULIE I. BROWN

Commissioner and Prehearing Officer
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MFB

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.