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October 9, 2015

VIA: ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

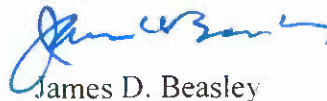
Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor; FPSC Docket No. 150001-EI

Dear Ms. Stauffer:

Attached for filing in the above docket is the original of Tampa Electric Company's
Prehearing Statement.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Enclosure

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 150001-EI

FILED: OCTOBER 9, 2015

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

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On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Penelope A. Rusk (TECO)	Company Specific Fuel Adjustment Issues	6C, 6D
	Generic Fuel Adjustment Issues Adjustment Factors	7, 8, 9, 10, 11, 12
	Fuel Factor Calculation Issues	19, 20, 21, 22, 23
	Generic Capacity Cost Recovery Factor Issues	28, 29, 30, 31, 32 33, 34
	Effective Date	35
	Tariff Approval	36
2. Brian S. Buckley (TECO)	Company Specific Fuel Adjustment Issues	6E

	Generic Generating Performance Incentive Factor Issues	17, 18
	Fuel Factor Calculation Issues	19
3. Benjamin F. Smith (TECO)	Fuel Factor Calculation Issues	19
	Generic Capacity Cost Recovery Factor Issues	32
4. Brent C. Caldwell (TECO)	Hedging Issues	1D, 1E
	Company-Specific Fuel Adjustment Issues	6A, 6B, 6F
	Fuel Factor Calculation Issues	19

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (PAR-1)	Rusk	Final True-up Capacity Cost Recovery January 2014 - December 2014
<u> </u> (PAR-1)	Rusk	Final True-up Fuel Cost Recovery January 2014 – December 2014
<u> </u> (PAR-1)	Rusk	Actual Fuel True-up Compared to Original Estimates January 2014 – December 2014
<u> </u> (PAR-1)	Rusk	Schedules A-1, A-2 and A-6 through A-9 and A-12 January 2014 – December 2014
<u> </u> (PAR-1)	Rusk	Final True-Up Polk Unit 1 Ignition Oil Conversion January 2014 – December 2014
<u> </u> (PAR-2)	Rusk	Actual/Estimated True-Up Fuel Cost Recovery January 2015 – December 2015
<u> </u> (PAR-2)	Rusk	Actual/Estimated True-Up Capacity Cost Recovery January 2015– December 2015
<u> </u> (PAR-2)	Rusk	Capital Projects Approved for Fuel Clause Recovery January 2015 – December 2015

<u> </u> (PAR-3)	Rusk	Projected Capacity Cost Recovery January 2016 – December 2016
<u> </u> (PAR-3)	Rusk	Projected Fuel Cost Recovery January 2016 – December 2016
<u> </u> (PAR-3)	Rusk	Levelized and Tiered Fuel Rate January 2016– December 2016
<u> </u> (PAR-3)	Rusk	Capital Projects Approved for Fuel Clause Recovery January 2016 – December 2016
<u> </u> (BSB-1)	Buckley	Final True-Up Generating Performance Incentive Factor January 2014 – December 2014
<u> </u> (BSB-1)	Buckley	Actual Unit Performance Data January 2014 – December 2014
<u> </u> (BSB-2)	Buckley	Generating Performance Incentive Factor January 2016 – December 2016
<u> </u> (BSB-2)	Buckley	Summary of Generating Performance Incentive Factor Targets January 2016 – December 2016
<u> </u> (JBC-1)	Caldwell	Final True-Up Hedging Activity Report January 2014 – December 2014
<u> </u> (JBC-2)	Caldwell	Risk Management Plan January 2016 – December 2016
<u> </u> (JBC-3)	Caldwell	Natural Gas Hedging Report January 2015 – July 2015

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery and GPIF true-up and projection calculations, including the proposed fuel adjustment

factor of 3.671 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 2016; a GPIF reward of \$1,258,600 for performance during 2014; and approval of the company's proposed GPIF targets and ranges for 2016. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of \$1,532,270 for calendar year 2016.

E. STATEMENT OF ISSUES AND POSITIONS

I. FUEL ISSUES

HEDGING ISSUES

ISSUE 1D: Is it in the consumers' best interest for the utilities to continue natural gas financial hedging activities?

TECO: Yes, it is in the consumer's best interest for the utilities to continue their natural gas financial hedging activities. (Witness: Caldwell)

ISSUE 1E: What changes, if any, should be made to the manner in which electric utilities conduct their natural gas financial hedging activities??

TECO: There should not be any changes to the manner in which electric utilities conduct their natural gas financial hedging. (Witness: Caldwell)

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Tampa Electric Company

ISSUE 6A: Should the Commission approve as prudent, Tampa Electric's actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in Tampa Electric's April 2015 and August 2015 hedging reports?

TECO: Yes. Tampa Electric prudently followed its 2014 and 2015 Risk Management Plans and accordingly utilized financial hedges to mitigate volatility of natural gas prices during the period January 2014 through July 2015. (Witness: Caldwell)

ISSUE 6B: Should the Commission approve Tampa Electric's 2016 Risk Management Plan?

TECO: Yes. Tampa Electric's 2016 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Witness: Caldwell)

ISSUE 6C: What is the appropriate amount of capital costs for the Big Bend fuel conversion project that TECO should be allowed to recover through the Fuel Clause for the period January 2015 through December 2015?

TECO: The appropriate 2015 amount of capital costs for the Big Bend Fuel conversion project that Tampa Electric should be allowed to recover through the fuel clause is \$3,744,426. (Witness: Rusk)

ISSUE 6D: What is the appropriate amount of capital costs for the Big Bend fuel conversion project that TECO should be allowed to recover through the Fuel Clause for the period January 2016 through December 2016?

TECO: The appropriate 2016 amount of capital costs for the Big Bend Fuel conversion project that Tampa Electric should be allowed to recover through the fuel clause is \$4,894,041. (Witness: Rusk)

ISSUE 6E: Are adjustments needed to account for replacement costs associated with the June 2015 forced outage at Big Bend Unit 2? If adjustments are needed, what adjustments should be made?

TECO: No. The forced outage was not attributable to any fault on the part of Tampa Electric and the company acted prudently in responding to the outage and restoring the unit to service. (Witness: Buckley)

ISSUE 6F: Should TECO be allowed to recover through the fuel clause the costs associated with testing natural gas as a co-fired fuel at the Big Bend station?

TECO: Yes. Tampa Electric's plans to test natural gas as a co-fired fuel at Big Bend Station are prudent and in its customers' interests. Only the cost of the natural gas burned during the testing is sought to be recovered, and all of the natural gas utilized during the testing will generate electricity that is supplied to the company's retail customers. (Witness: Caldwell)

GENERIC FUEL ADJUSTMENT ISSUES

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

TECO: \$403,800. (Witness: Rusk)

ISSUE 8: What are the appropriate estimated benchmark levels for calendar year 2016 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: \$1,532,270. (Witness: Rusk)

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

TECO: \$2,919,025 under-recovery. (Witness: Rusk)

ISSUE 10: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2015 through December 2015?

TECO: \$30,509,575 over-recovery. (Witness: Rusk)

ISSUE 11: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2016 to December 2016?

TECO: \$27,590,550 over-recovery. (Witness: Rusk)

ISSUE 12: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2016 through December 2016?

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 \$688,014,513. (Witness: Rusk)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 17: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2014 through December 2014 for each investor-owned electric utility subject to the GPIF?

TECO: A reward in the amount of \$1,258,600. (Witness: Buckley)

ISSUE 18: What should the GPIF targets/ranges be for the period January 2016 through December 2016 for each investor-owned electric utility subject to the GPIF?

TECO: The appropriate targets and ranges are shown in Exhibit No. ____ (BSB-2) to the prefiled testimony of Mr. Brian S. Buckley. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and modified in 2006 by Commission Order No. PSC-06-1057-FOF-EI in Docket No. 060001-EI.

(Witness: Buckley)

FUEL FACTOR CALCULATION ISSUES

ISSUE 19: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2016 through December 2016?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2016 through December 2016, adjusted by the jurisdictional separation factor, is \$715,605,063. 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 \$689,768,483. (Witness: Rusk, Caldwell, Buckley, Smith)

ISSUE 20: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility’s levelized fuel factor for the projection period January 2016 through December 2016?

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

ISSUE 21: What are the appropriate levelized fuel cost recovery factors for the period January 2016 through December 2016?

TECO: The appropriate factor is 3.671 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Rusk)

ISSUE 22: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

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

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

(Witness: Rusk)

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

TECO: The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>
Secondary	3.676
RS Tier I (Up to 1,000 kWh)	3.361
RS Tier II (Over 1,000 kWh)	4.361

Distribution Primary	3.639	
Transmission	3.602	
Lighting Service	3.627	
Distribution Secondary	3.937	(on-peak)
	3.564	(off-peak)
Distribution Primary	3.898	(on-peak)
	3.528	(off-peak)
Transmission	3.858	(on-peak)
	3.493	(off-peak)
(Witness: Rusk)		

II. CAPACITY ISSUES

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

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

TECO: \$140,386 over-recovery. (Witness: Rusk)

ISSUE 29: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2015 through December 2015?

TECO: \$2,063,383 over-recovery. (Witness: Rusk)

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2016 through December 2016?

TECO: \$2,203,769 over-recovery. (Witness: Rusk)

ISSUE 31: What are the appropriate projected total capacity cost recovery amounts for the period January 2016 through December 2016??

TECO: The projected total capacity cost recovery amount for the period January 2016 through December 2016 is \$30,473,670. (Witness: Rusk)

ISSUE 32: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2016 through December 2016?

TECO: The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$28,290,255. (Witness: Rusk, Smith)

ISSUE 33: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2016 through December 2016?

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

ISSUE 34: What are the appropriate capacity cost recovery factors for the period January 2016 through December 2016?

TECO: The appropriate factors for January 2016 through December 2016 are as follows:

<u>Rate Class and Metering Voltage</u>	<u>Capacity Cost Recovery Factor</u>	
	<u>Cents per kWh</u>	<u>\$ per kW</u>
RS Secondary	0.178	
GS and TS Secondary	0.166	
GSD, SBF Standard		
Secondary		0.53
Primary		0.52
Transmission		0.52
GSD Optional		
Secondary	0.123	
Primary	0.122	
IS, SBI		
Primary		0.43
Transmission		0.42
LS1 Secondary	0.021	

(Witness: Rusk)

III. EFFECTIVE DATE

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

TECO: The new factors should be effective beginning with the specified billing cycle and thereafter for the period January through the last billing cycle for December 2016.

The first billing cycle may start before January 1, 2016, and the last billing cycle may end after December 31, 2016, so long as each customer is billed for 12 months regardless of when the fuel factors became effective. (Witness: Rusk)

IV. TARIFF APPROVAL

ISSUE 36: Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding?

TECO: Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct Staff to verify that the revised tariffs are consistent with the Commission's decision. (Witness: Rusk)

ISSUE 37: Should this docket be closed?

TECO: Yes.

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

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

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

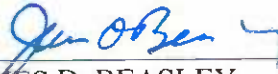
TECO: None at this time.

J. **OTHER MATTERS**

TECO: None at this time.

DATED this 9th day of October 2015,

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by hand delivery(*) or electronic mail on this 9th day of October 2015, to the following:

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