

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Fuel and Purchased Power Cost )  
Recovery Clause with Generating )  
Performance Incentive Factor )  
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DOCKET NO. 20170001-EI  
FILED: October 2, 2017

**PREHEARING STATEMENT OF THE FLORIDA RETAIL FEDERATION**

The Florida Retail Federation ("FRF"), pursuant to the Orders Establishing Procedure in this docket, Order No. PSC-2017-0053-PCO-EI, issued February 20, 2017, and Order No. PSC-2017-0134-PCO-EI, issued April 13, 2017, hereby submits this Prehearing Statement.

**APPEARANCES:**

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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

#### **Fuel Cost Hedging Issues**

The Florida Retail Federation believes that the investor-owned utilities' ("IOUs") financial hedging activities have been contrary to the best interests of all customers, and accordingly, the FRF continues to oppose those activities. Through approval of settlement agreements between Florida Power & Light Company ("FPL") and Gulf Power Company ("Gulf") and customer parties in their most recent respective rate cases, both of which settlements included the Office of Public Counsel and the Florida Retail Federation and other consumer parties, the Commission has approved the suspension and cessation of financial hedging activities by these two IOUs, through 2021 in FPL's case and through at least 2020 for Gulf Power. Additionally, pending settlements between customer representatives, again including the Office of Public Counsel and the FRF as well as other consumer parties, and Duke Energy Florida and Tampa Electric Company, include similar hedging suspension provisions: Duke has agreed not to enter into new natural gas financial gas hedging contracts through at least 2021, and Tampa Electric has agreed not to enter into new natural gas financial hedging contracts through December 31, 2022. All four IOUs are permitted by the respective settlement agreements to perform existing hedging contracts. For reasons stated many times by the FRF, the Office of Public Counsel, and other Consumer Parties, the FRF does not agree that the IOUs' hedging activities have been prudent. However, consistent with the settlement agreements, the FRF does not oppose the IOUs' recovery of costs pursuant to approved, existing hedging contracts.

## **Other Issues**

All of the investor-owned electric utilities bear the burden of proving the reasonableness and prudence of their expenditures for which they seek recovery through their Fuel and Purchased Power Cost Recovery Charges.

### **4. STATEMENT OF FACTUAL ISSUES AND POSITIONS**

#### **I. FUEL ISSUES**

##### **COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

###### **Duke Energy Florida, Inc.**

**ISSUE 1A:** Should the Commission approve as prudent DEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in DEF's April 2017 and August 2017 hedging reports?

FRF: No.

**ISSUE 1B:** What adjustments, if any, are needed to account for replacement power costs associated with the February 2017 outage at the Bartow generating plant?

FRF: No further adjustments, beyond those already made by DEF in its filings herein, are needed with respect to the Bartow outage.

###### **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 2017 and August 2017 hedging reports?

FRF: No.

**ISSUE 2B:** What is the total gain in 2016 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?

FRF: No position at this time.

**ISSUE 2C:** 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 for the period January 2016 through December 2016?

FRF: No position at this time.

**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 variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2016 through December 2016?

FRF: No position at this time.

**ISSUE 2E:** What is the appropriate amount of actual/estimated Incremental Optimization Costs under the Incentive Mechanism approved by Order No. PSC-16-0560-AS-EI that FPL may recover through the fuel clause for the period January 2017 through December 2017?

FRF: No position at this time.

**ISSUE 2F:** What is the appropriate amount of actual/estimated variable power plant O&M expenses under the revised Incentive Mechanism that FPL may recover through the fuel clause for the period January 2017 through December 2017?

FRF: No position at this time.

**ISSUE 2G:** What is the appropriate amount of projected Incremental Optimization Costs under the revised Incentive Mechanism FPL may recover through the fuel clause for the period January 2018 through December 2018?

FRF: No position at this time.

**ISSUE 2H:** What is the appropriate amount of projected variable power plant O&M expenses under the revised Incentive Mechanism FPL may recover through the fuel clause for the period January 2018 through December 2018?

FRF: No position at this time.

**ISSUE 2I:** Have all Woodford-related costs been removed from FPL’s requested true-up and projected fuel costs?

FRF: No position at this time.

**ISSUE 2J:** Are the 2017 SOBRA projects proposed by FPL (Horizon, Wildflower, Indian River, and Coral Farms) cost effective?

FRF: No position at this time.

**ISSUE 2K:** What are the revenue requirements associated with the 2017 SOBRA projects?

FRF: No position at this time.

**ISSUE 2L:** What is the appropriate base rate percentage increase for the 2017 SOBRA projects to be effective when all 2017 projects are in service, currently projected to be January 1, 2018?

FRF: No position at this time.

**ISSUE 2M:** Are the 2018 SOBRA projects proposed by FPL (Hammock, Bearfoot Bay, Blue Cypress and Loggerhead) cost effective?

FRF: No position at this time.

**ISSUE 2N:** What are the revenue requirements associated with the 2018 SOBRA projects?

FRF: No position at this time.

**ISSUE 2O:** What is the appropriate base rate percentage increase for the 2018 SOBRA projects to be effective when all 2018 projects are in service, currently projected to be March 1, 2018?

FRF: No position at this time.

**ISSUE 2P:** Should the Commission approve revised tariffs for FPL reflecting the base rate percentage increases for the 2017 and 2018 SoBRA projects determined to be appropriate in this proceeding?

FRF: No position at this time.

**ISSUE 2Q:** Has FPL properly reflected in the fuel and purchased power cost recovery clause the effects of the Indiantown Cogeneration L.P. (Indiantown) facility transaction approved by the Commission in Docket No. 160154-EI?

FRF: No position at this time.

**ISSUE 2R:** How should the effects on the 2018 Fuel and Capacity Clause factors of the St. Johns River Power Park Transaction (SJRPP), approved by the Commission September 25, 2017, be addressed?

FRF: No position at this time.

### **Florida Public Utilities Company**

**ISSUE 3A:** What amount should be refunded through the Fuel Clause to customers as a result of the Florida Supreme Court's March 16, 2017 decision on the FPL Interconnection Line project?

FRF: Florida Public Utilities Company should be required to refund, with interest, the total amount collected for the Interconnection Line project through reductions to the company's Fuel Charges.

### **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 2017 and August 2017 hedging reports?

FRF: No.

### **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 2017 and August 2017 hedging reports?

FRF: No.

## **GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2017 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FRF: No position at this time.

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2018 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FRF: No position at this time.

**ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2016 through December 2016?

FRF: No position at this time.

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2017 through December 2017?

FRF: No position at this time.

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2018 to December 2018?

FRF: No position at this time.

**ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2018 through December 2018?

FRF: No position at this time.

## **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**

**ISSUE 13A:** What are the appropriate adjustments to FPL's 2017 GPIF targets/ranges to reflect the effects of the Indiantown transaction approved by the Commission in Docket No. 160154-EI?

FRF: No position at this time.

## **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 2016 through December 2016 for each investor-owned electric utility subject to the GPIF?

FRF: No position at this time.

**ISSUE 17:** What should the GPIF targets/ranges be for the period January 2018 through December 2018 for each investor-owned electric utility subject to the GPIF?

FRF: No position at this time.

## **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 2018 through December 2018?

FRF: No position at this time.

**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 2018 through December 2018?

FRF: No position at this time.

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2018 through December 2018?

FRF: No position at this time.

**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: No position at this time.

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

FRF: No position at this time.

## **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. 170009-EI?

FRF: The FRF is unable to take a position on this issue because the Commission has not yet determined the nuclear cost recovery amount, if any, for DEF in Docket No. 20170009-EI. Action on DEF's nuclear cost recovery issues has been deferred by Commission Order No. 2017-0341-PCO-EI, pending Commission action on the pending settlement agreement between DEF and the Consumer Parties, including the FRF.

#### **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. 20170009-EI?

FRF: The FRF is unable to take a position on this issue because the Commission has not yet determined the nuclear cost recovery amount for FPL in Docket No. 20170009-EI.

**ISSUE 24B:** Has FPL properly reflected in the capacity cost recovery clause the effects of the Indiantown transaction approved by the Commission in Docket No. 160154-EI?

FRF: No position at this time.

**ISSUE 24C:** What are the appropriate Indiantown non-fuel base revenue requirements to be recovered through the Capacity Clause pursuant to the Commission's approval of the Indiantown transaction in Docket No. 160154-EI for 2017 and 2018?

FRF: No position at this time.

**ISSUE 24D:** Is \$5,155,918 the appropriate refund amount associated with the Port Everglades Energy center (PEEC) GBRA true-up?

FRF: No position at this time.

### **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 final capacity cost recovery true-up amounts for the period January 2016 through December 2016?

FRF: No position at this time.

**ISSUE 28:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2017 through December 2017?

FRF: No position at this time.

**ISSUE 29:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2018 through December 2018?

FRF: No position at this time.

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2018 through December 2018?

FRF: No position at this time.

**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 2018 through December 2018?

FRF: No position at this time.

**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 2018 through December 2018?

FRF: No position at this time.

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2018 through December 2018?

FRF: No position at this time.

### **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: For each respective utility, the subject factors and charges should be effective as of the first day of the first billing cycle for January 2018.

**ISSUE 35:** Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding?

FRF: Yes.

**ISSUE 36:** Should this docket be closed?

FRF: No. This docket is an on-going docket and should remain open.

5. **STIPULATED ISSUES:**

The FRF is not aware of any stipulated issues at this time.

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 2nd day of October, 2017.



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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 2nd day of October, 2017.

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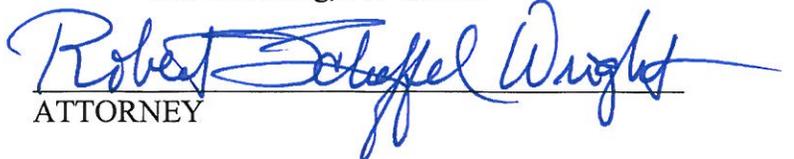
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