

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20170001-EI

DATED: October 2, 2017

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2017-0053-PCO-EI, filed February 20, 2017, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

<b>Witness</b>	<b>Subject Matter</b>	<b>Issues #</b>
<b>Direct</b>		
Simon O. Ojada	Auditor's Report of Duke Energy Florida, LLC's (DEF) Hedging Activities for the Period August 1, 2016 to July 31, 2017	1A
Donna D. Brown	Auditor's Report of Florida Power & Light Company's (FPL) Hedging Activities for the Period August 1, 2016 to July 31, 2017	2A
George Simmons	Auditor's Report of Gulf Power Company's (Gulf) Hedging Activities for the Period August 1, 2016 to July 31, 2017	4A
Intesar Terkawi	Auditor's Report of Tampa Electric Company's (TECO) Hedging Activities for the Period August 1, 2016 to July 31, 2017	5A

2. All Known Exhibits

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit #</b>	<b>Description</b>
<b>Direct</b>			
Simon O. Ojada	Staff	SOO-1	DEF Hedging Audit Report August 1, 2016 to July 31, 2017
Donna D. Brown	Staff	DDB-1	FPL Hedging Audit Report August 1, 2016 to July 31, 2017
George Simmons	Staff	GS-1	Gulf Hedging Audit Report August 1, 2016 to July 31, 2017
Intesar Terkawi	Staff	IT-1	TECO Hedging Audit Report August 1, 2016 to July 31, 2017

3. Staff's Statement of Basic Position

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 stated herein.

4. Staff's Position on the Issues

I. FUEL ISSUES

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**Duke Energy Florida, LLC.**

**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?

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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 on September 25, 2017, be addressed?

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

#### **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?

**POSITION:** Staff has no position at this time.

#### **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?

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

**COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**Duke Energy Florida, LLC.**

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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

## **II. CAPACITY ISSUES**

### **COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES**

#### **Duke Energy Florida, LLC.**

**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?

**POSITION:** Staff has no position at this time.

#### **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. 170009-EI?

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

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

**POSITION:** Staff has 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?

**POSITION:** Staff has no position at this time.

**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?

**POSITION:** 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.

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

**POSITION:** This is an on-going docket and should remain open.

#### 5. **Stipulated Issues**

There are no stipulated issues at this time.

#### 6. **Pending Motions**

Staff has no pending motions.

#### 7. **Pending Confidentiality Claims or Requests**

Staff has no outstanding confidentiality claims or requests.

8. Objections to Witness Qualifications as an Expert

Staff has no objections to witnesses' qualifications as experts.

9. Compliance with Order No. PSC-2017-0053-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 2nd day of October, 2017.

*/s/ Suzanne Brownless*

---

SUZANNE S. BROWNLESS  
SPECIAL COUNSEL  
FLORIDA PUBLIC SERVICE COMMISSION  
Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
Telephone: (850) 413-6218  
[sbrownle@psc.state.fl.us](mailto:sbrownle@psc.state.fl.us)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20170001-EI

DATED: October 2, 2017

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with the Office of Commission Clerk and that a true copy has been furnished to the following by electronic mail this 2nd day of October, 2017:

John Butler/Maria Jose Moncada  
Florida Power & Light Company  
700 Universe Blvd. (LAW/JB)  
Juno Beach, FL 33408  
[John.Butler@fpl.com](mailto:John.Butler@fpl.com)  
[Maria.Moncada@fpl.com](mailto:Maria.Moncada@fpl.com)

Ken Hoffman  
Florida Power & Light Company  
215 S. Monroe Street, Suite 810  
Tallahassee, Florida 32301-1858  
[Ken.Hoffman@fpl.com](mailto:Ken.Hoffman@fpl.com)

James Beasley./J. Jeffrey Wahlen/  
Ashley M. Daniels  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
[jbeasley@ausley.com](mailto:jbeasley@ausley.com)  
[jwahlen@ausley.com](mailto:jwahlen@ausley.com)  
[adaniels@ausley.com](mailto:adaniels@ausley.com)

Ms. Paula K. Brown  
Tampa Electric Company  
Post Office Box 111  
Tampa, Florida 33601  
[regdept@tecoenergy.com](mailto:regdept@tecoenergy.com)

Matthew Bernier  
106 East College Avenue, Suite 800  
Tallahassee, Florida 32301  
[Matthew.bernier@duke-energy.com](mailto:Matthew.bernier@duke-energy.com)

Dianne M. Triplett  
299 First Avenue North  
St. Petersburg, Florida 33701  
[Diane.triplett@duke-energy.com](mailto:Diane.triplett@duke-energy.com)

Jon C. Moyle, Jr.  
Moyle Law Firm, P.A.  
118 North Gadsden Street  
Tallahassee, FL 32301  
[jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)

Russell A. Badders/Steven R. Griffin  
Beggs & Lane  
Post Office Box 12950  
Pensacola, Florida 32591-2950  
[rab@beggslane.com](mailto:rab@beggslane.com)  
[srg@beggslane.com](mailto:srg@beggslane.com)

Jeffrey A. Stone/Rhonda J. Alexander  
Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520-0780  
[jastone@southernco.com](mailto:jastone@southernco.com)  
[rjalexad@southernco.com](mailto:rjalexad@southernco.com)

J.R. Kelly/Patricia A. Christensen/Charles J.  
Rehwinkel/Erik L. Saylor  
Office of Public Counsel  
111 W. Madison Street, Room 812  
Tallahassee, Florida 32399  
[Kelly.jr@leg.state.fl.us](mailto:Kelly.jr@leg.state.fl.us)  
[Christensen.patty@leg.state.fl.us](mailto:Christensen.patty@leg.state.fl.us)  
[Rehwinkel.charles@leg.state.fl.us](mailto:Rehwinkel.charles@leg.state.fl.us)  
[Saylor.erik@leg.state.fl.us](mailto:Saylor.erik@leg.state.fl.us)

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301  
[bkeating@gunster.com](mailto:bkeating@gunster.com)

Mike Cassel  
Florida Public Utilities Company  
1750 S. 14<sup>th</sup> Street, Suite 200  
Fernandina Beach, Florida 32034  
[mcassel@fpuc.com](mailto:mcassel@fpuc.com)

James W. Brew/Laura A. Wynn  
Stone Mattheis Xenopoulos & Brew, P.C.  
1025 Thomas Jefferson Street, NW  
Eighth Floor, West Tower  
Washington, DC 20007-5201  
[jbrew@smxblaw.com](mailto:jbrew@smxblaw.com)  
[law@smxblaw.com](mailto:law@smxblaw.com)

Robert Scheffel Wright/John T. LaVia, III  
Gardner Bist Wiener Wadsworth Bowden Bush  
Dee LaVia & Wright, P.A.  
1300 Thomaswood Drive  
Tallahassee, Florida 32308  
[schef@gbwlegal.com](mailto:schef@gbwlegal.com)  
[jlavia@gbwlegal.com](mailto:jlavia@gbwlegal.com)

**/s/ Suzanne Brownless**

---

SUZANNE S. BROWNLESS  
SPECIAL COUNSEL  
FLORIDA PUBLIC SERVICE COMMISSION  
Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
Telephone: (850) 413-6218  
[sbrownle@psc.state.fl.us](mailto:sbrownle@psc.state.fl.us)