

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** August 26, 2019  
**TO:** All Parties of Record & Interested Persons  
**FROM:** Suzanne Brownless, Special Counsel, Office of the General Counsel *SB*  
**RE:** Docket No. 20190001-EI – In re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor.

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Please note that an informal meeting between Commission staff and interested persons to the above-captioned docket has been scheduled for the following time and place:

Tuesday, September 10, 2019 at 10:00 a.m.  
Gerald L. Gunter Building, Room 105 (Internal Affairs Room)  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

The purpose of the meeting is to identify issues in this docket. A preliminary issue list is attached. Attendance is not required; however, all interested persons are encouraged to attend.

Interested persons may participate telephonically in this meeting by dialing **1-888-585-9008**, Conference No. **617-088-868**, then #. If you have any questions about the meeting, please call Suzanne Brownless at (850) 413-6218.

If settlement of the case or a named storm or other disaster requires cancellation of the meeting, Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation will also be provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at 850-413-6199.

cc: Commission Clerk

**DOCKET NO. 201900001-EI**  
**PRELIMINARY ISSUES**  
**AUGUST 19, 2019**

**I. FUEL 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 2019 and August 2019 hedging reports?

**ISSUE 1B:** Has DEF made appropriate adjustments, if any are needed, to account for replacement costs associated with the February 2017 forced outage at the Bartow plant? If appropriate adjustments are needed and have not been made, what adjustment(s) should be made?

**Florida Power & Light Company**

**ISSUE 2A:** What is the appropriate revised SoBRA factor for the 2017 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

**ISSUE 2B:** What is the appropriate revised SoBRA factor for the 2018 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

**ISSUE 2C:** What was the total gain under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL may recover for the period January 2018 through December 2018, and how should that gain to be shared between FPL and customers?

**ISSUE 2D:** What is the appropriate amount of Incremental Optimization Costs under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2018 through December 2018?

**ISSUE 2E:** What is the appropriate amount of Variable Power Plant O&M Attributable to Off-System Sales under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2018 through December 2018?

**ISSUE 2F:** What is the appropriate amount of Variable Power Plant O&M Avoided due to Economy Purchases under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2018 through December 2018?

**ISSUE 2G:** If the Commission approves the FPL Solar Together Program and Tariff, what is the appropriate total FPL SolarTogether Credit amount to be recovered through the fuel cost recovery clause for the period January 2020 through December 2020?

**ISSUE 2H:** Are the 2020 SoBRA projects (Hibiscus, Okeechobee, Southfork, and Echo River) proposed by FPL cost effective?

**ISSUE 2I:** What are the revenue requirements associated with the 2020 SoBRA projects?

**ISSUE 2J:** What is the appropriate base rate percentage increase to be effective when all of the 2020 SoBRA projects are in service, currently projected to be May 1, 2020?

**ISSUE 2K:** Should the Commission approve revised tariffs for FPL reflecting the base rate percentage increase for the 2020 SoBRA projects determined to be appropriate in this proceeding?

**ISSUE 2L:** Has FPL made appropriate adjustments, if any are needed, to account for replacement costs associated with the April 2019 forced outage at Saint Lucie Unit 1 generating station? If appropriate adjustments are needed and have not been made, what adjustment(s) should be made?

### **Florida Public Utilities Company**

No company-specific fuel issues for Florida Public Utilities Company have been identified at this time. If such issues are identified, they shall be numbered 3A, 3B, 3C, and so forth, as appropriate.

### **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 2019 and August 2019 hedging reports?

### **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 2019 hedging report?

**ISSUE 5B:** What was the total gain under TECO's Optimization Mechanism approved by Order No. PSC-2017-0456-S-EI that TECO may recover for the period January 2018 through December 2018, and how should that gain be shared between TECO and customers?

## **GENERIC FUEL ADJUSTMENT ISSUES**

- ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2019 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?
- ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2020 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?
- ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2018 through December 2018?
- ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2019 through December 2019?
- ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2020 through December 2020?
- ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2020 through December 2020?

## **COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES**

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

No company-specific GPIF 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 GPIF issues for Florida Power and 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 GPIF 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 GPIF 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 GPIF ISSUES**

**ISSUE 16:** What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2018 through December 2018 for each investor-owned electric utility subject to the GPIF?

**ISSUE 17:** What should the GPIF targets/ranges be for the period January 2020 through December 2020 for each investor-owned electric utility subject to the GPIF?

## **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 2020 through December 2020?

**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 2020 through December 2020?

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2020 through December 2020?

**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?

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

## **II. CAPACITY ISSUES**

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

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

**ISSUE 23:** What amount has DEF included in the capacity cost recovery clause for nuclear cost recovery?

#### **Florida Power & Light Company**

**ISSUE 24A:** What amount has FPL included in the capacity cost recovery clause for nuclear cost recovery?

**ISSUE 24B:** What is the appropriate true-up adjustment amount associated with the 2017 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2020?

**ISSUE 24C:** What is the appropriate true-up amount associated with the 2018 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2020?

**ISSUE 24D:** What are the appropriate Indiantown non-fuel based 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 2020?

### **Gulf Power Company**

No company-specific capacity cost recovery factor 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 capacity cost recovery factor 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 2018 through December 2018?

**ISSUE 28:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2019 through December 2019?

**ISSUE 29:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2020 through December 2020?

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2020 through December 2020?

**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 2020 through December 2020?

**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 2020 through December 2020?

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2020 through December 2020?

### **III. EFFECTIVE DATE**

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

**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?

### **IV. MISCELLANEOUS ISSUES**

**ISSUE 36:** Should the Joint Motion to Modify Order No. PSC-2012-0425-PAA-EU Regarding Weighted Average Cost of Capital Methodology be approved?

**ISSUE 37:** Should this docket be closed?