

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

---

Docket No. 20190001-EI  
Filed: October 1, 2019

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S  
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-2019-0059-PCO-EI, files its Prehearing Statement.

**A. APPEARANCES:**

Jon C. Moyle, Jr.  
Karen Putnal  
Moyle Law Firm, P.A.  
118 North Gadsden Street  
Tallahassee, FL 32312

Attorneys for the Florida Industrial Power Users Group

**B. WITNESSES AND EXHIBITS:**

FIPUG reserves the right to call witnesses listed by other parties in this docket.

**C. STATEMENT OF BASIC POSITION:**

Only reasonable and prudent costs legally authorized and reviewed for prudence should be recovered through the fuel clause. FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies or other relief sought in this proceeding.

**D. STATEMENT OF ISSUES AND POSITIONS:**

**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?

**FIPUG:** No.

**ISSUE 1B:** Was DEF prudent in its actions and decisions leading up to and in restoring the unit to service after the February 2017 forced outage at the Bartow plant and, if not, what action should the Commission take with respect to replacement power costs?

**FIPUG:** No.

**ISSUE 1C:** Has DEF made prudent adjustments, if any are needed, to account for replacement power costs associated with any impacts related to the de-rating of the Bartow plant? If adjustments are needed and have not been made, what adjustment(s) should be made?

**FIPUG:** No.

### **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?

**FIPUG:** No position at this time.

**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 is the appropriate 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?

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

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

**FIPUG:** FPL must meet its burden of proof with respect to these SoBRA projects and FIPUG reserves the right to conduct cross examination on this and related issues.

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

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

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

**FIPUG:** No position at this time.

**ISSUE 2L:** Has FPL made prudent 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 adjustments are needed and have not been made, what adjustment(s) should be made? (DEFERRED)

**FIPUG:** No position at this time.

**ISSUE 2M:** What is the appropriate base rate percentage decrease associated with the true-up of the 2017 SoBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be effective January 1, 2020?

**FIPUG:** No position at this time.

**ISSUE 2N:** Should the Commission approve revised tariffs for FPL to be effective January 1, 2020, reflecting the base rate percentage decrease for the true-up of the 2017 SoBRA projects determined to be reasonable in this proceeding?

**FIPUG:** No position at this time.

### **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?

**FIPUG:** 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 2019 hedging report?

**FIPUG:** No.

**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?

**FIPUG:** No.

### **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?

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

**ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2018 through December 2018?

**FIPUG:** No position at this time.

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2019 through December 2019?

**FIPUG:** No position at this time.

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2020 through December 2020?

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

**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?

**FIPUG:** 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 2020 through December 2020?

**FIPUG:** 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 2020 through December 2020?

**FIPUG:** No position at this time.

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

**FIPUG:** 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?

**FIPUG:** 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?

**FIPUG:** No position at this time.

## **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?

**FIPUG:** No position at this time.

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

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

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

**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? (DEFERRED)

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

#### **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?

**FIPUG:** No position at this time.

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

**FIPUG:** 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 2020 through December 2020?

**FIPUG:** No position at this time.

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

**FIPUG:** 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 2020 through December 2020?

**FIPUG:** 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 2020 through December 2020?

**FIPUG:** No position at this time.

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



**FIPUG:** 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?

**FIPUG:** 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 reasonable in this proceeding?

**FIPUG:** No position at this time.

**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?

**FIPUG:** No position at this time.

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

**FIPUG:** No position at this time.

**CONTESTED ISSUES**

**ISSUE 1E:** Should the Commission hold a separate “spin-off” hearing to determine the cause of the Bartow outage and the prudence of DEF’s decisions on all factors related to the cause(s) and duration of any outages and the de-rating of the Bartow plant?

**FIPUG:** Yes.

**E. STIPULATED ISSUES:**

None at this time.

**F. PENDING MOTIONS:**

None at this time.

**G. STATEMENT OF PARTY’S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:**

None.

**H. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:**

FIPUG objects to a witness being considered an expert witness unless the witness affirmatively states the subject matter area(s) in which he or she claims expertise.

**I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:**

There are no requirements of the Order Establishing Procedure with which the Florida Industrial Power Users Group cannot comply at this time.

/s/ Jon. C. Moyle

Jon C. Moyle, Jr.

Moyle Law Firm, P.A.

118 North Gadsden Street

Tallahassee, FL 32301

(850) 681-3828 (Voice)

(850) 681-8788 (Facsimile)

[jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)

Attorneys for Florida Industrial Power Users Group

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing response was furnished to the following by Electronic Mail, on this 1st day of October, 2019:

Suzanne Brownless  
Florida Public Service Commission  
Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
[sbrownle@psc.state.fl.us](mailto:sbrownle@psc.state.fl.us)

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)

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

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)

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)

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

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

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

J.R. Kelly/Patricia A. Christensen/Charles J.  
Rehwinkel/Erik L. Sayler  
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)  
[Sayler.erik@leg.state.fl.us](mailto:Sayler.erik@leg.state.fl.us)

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/ Jon C. Moyle* \_\_\_\_\_

Jon C. Moyle

Florida Bar No. 727016