

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

Fuel and purchased power cost recovery clause) Docket No. 20200001-EI
with generating performance incentive factor.) Filed: October 6, 2020
_____)

**PREHEARING STATEMENT OF
WHITE SPRINGS AGRICULTURAL CHEMICALS, INC.
d/b/a PCS PHOSPHATE – WHITE SPRINGS**

Pursuant to the Florida Public Service Commission’s *Order Establishing Procedure*, Order No. PSC-2020-0041-PCO-EI, issued January 31, 2020, as modified by *First Order Modifying Orders Establishing Procedure*, Order No. PSC-2020-0123-PCO-PU, issued April 23, 2020, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (“PCS Phosphate”), through its undersigned attorneys, files its Prehearing Statement in the above matter.

A. APPEARANCES

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B. WITNESSES

PCS Phosphate does not plan to call any witnesses at this time.

C. EXHIBITS

PCS Phosphate does not plan to offer any exhibits at this time, but may introduce exhibits during the course of cross-examination.

D. STATEMENT OF BASIC POSITION

Only costs prudently incurred and legally authorized should be recovered through the fuel clause. Florida electric utilities, including in particular Duke Energy Florida, LLC (“DEF”), must satisfy the burden of proving the reasonableness of any expenditures for which recovery or other relief is sought in this proceeding.

At its agenda conference held on September 1, 2020, the Commission voted to adopt, without modifications, the findings and recommendations (“Recommended Order”) of the Department of Administrative Hearings (“DOAH”) which concluded that DEF should not be permitted to recover in consumer rates the replacement power costs associated with the 2017 DEF Bartow Unit 4 outage and subsequent de-rating. The disputed costs had previously been included in fuel clause charges pending that Commission determination. In its recommendation memorandum, Public Service Commission Staff stated that DEF “should be required to refund \$11.1 million in replacement power associated with its April 2017 Bartow Unit 4 outage and \$5,016,782 for the de-rating of the unit from May 2017 until December of 2019, for a total refund of \$16,116,782.”¹ Based on the Commission’s final vote on September 1, 2020, DEF should credit a refund of those costs in the determination of its fuel clause factor to be collected in 2021.

E. STATEMENT ON SPECIFIC ISSUES

COMPANY SPECIFIC ISSUES

Duke Energy Florida, LLC.

Contested Issue A listed below will be placed here if included in the docket by the prehearing officer.

Florida Power & Light

¹ Docket No. 20200001, Fuel and purchased power cost recovery clause with generating performance incentive factor, *Memorandum from Public Service Commission Staff* at 23 (Aug. 6, 2020).

ISSUE 2A: 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?

PCS Phosphate: No position.

ISSUE 2B: What is 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 2019 through December 2019, and how should that gain to be shared between FPL and customers?

PCS Phosphate: No position.

ISSUE 2C: 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 2019 through December 2019?

PCS Phosphate: No position.

ISSUE 2D: 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 2019 through December 2019?

PCS Phosphate: No position.

ISSUE 2E: 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 2019 through December 2019?

PCS Phosphate: No position.

ISSUE 2F: Has FPL made reasonable and prudent adjustments, if any are needed, to account for replacement power costs associated with the April 2019 forced outage at St. Lucie Nuclear Power Plant, Unit No. 1?

PCS Phosphate: No position.

ISSUE 2G: Has FPL made reasonable and prudent adjustments, if any are needed, to account for replacement power costs associated with the March 2020 return-to-service delay at St. Lucie Nuclear Power Plant, Unit No. 2?

PCS Phosphate: No position.

ISSUE 2H: What is the appropriate subscription credit associated with FPL’s Solar Together Program, approved by Order No. PSC-2020-0084-S-EI, to be included for recovery in 2021?

PCS Phosphate: No position.

Florida Public Utilities Company

ISSUE 3A: Should the Commission approve FPUC’s revised Fuel and Purchased Power Cost Recovery factors filed in accordance with the Stipulation and Settlement approved in Docket No. 20190156-EI, which reflect the flow-through of interim rate over-recovery calculated based on 9 months actual and 1 month estimated revenues?

PCS Phosphate: No position.

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 2020 hedging report?

PCS Phosphate: No position.

Tampa Electric Company

ISSUE 5A: 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 2019 through December 2019, and how should that gain to be shared between TECO and customers?

PCS Phosphate: No position.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2020 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PCS Phosphate: Agree with OPC.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2021 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PCS Phosphate: Agree with OPC.

ISSUE 8: What are the appropriate final fuel adjustment true-up amounts for the period January 2019 through December 2019?

PCS Phosphate: Agree with OPC.

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2020 through December 2020?

PCS Phosphate: Agree with OPC.

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2021 through December 2021?

PCS Phosphate: Agree with OPC.

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2021 through December 2021?

PCS Phosphate: Pursuant to the Commission's vote on September 1, 2020, approving the Recommended Order submitted by the Administrative Law Judge, DEF's cost recovery amounts for January 2021 through December 2021 should be reduced by \$16.1 million, plus interest, to refund costs relating to the replacement power and de-rating costs due to the outage of Bartow Unit 4 in April 2017. These costs should be returned in the manner in which they were collected.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Duke Energy Florida, LLC.

No company-specific GPIF issues for Duke Energy Florida, LLC. 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 GPIF reward or penalty for performance achieved during the period January 2019 through December 2019 for each investor-owned electric utility subject to the GPIF?

PCS Phosphate: Agree with OPC.

ISSUE 17: What should the GPIF targets/ranges be for the period January 2021 through December 2021 for each investor-owned electric utility subject to the GPIF?

PCS Phosphate: Agree with OPC.

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 2021 through December 2021?

PCS Phosphate: Agree with OPC.

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 2021 through December 2021?

PCS Phosphate: Agree with OPC.

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2021 through December 2021?

PCS Phosphate: Pursuant to the Commission's vote on September 1, 2020, approving the Recommended Order submitted by the Administrative Law Judge, DEF's cost recovery amounts for January 2021 through December 2021 should be reduced by \$16.1 million, plus interest, to refund costs relating to the replacement power and de-rating costs due to the outage of Bartow Unit 4 in April 2017. To the extent this reduction in allowed cost recovery reduces the fuel cost recovery factors for DEF, the levelized factors should be adjusted in a conforming manner.

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?

PCS Phosphate: Agree with OPC.

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

PCS Phosphate: Pursuant to the Commission's vote on September 1, 2020, approving the Recommended Order submitted by the Administrative Law Judge, DEF's cost recovery amounts for January 2021 through December 2021 should be reduced by \$16.1 million to refund costs relating to the replacement power and de-rating costs due to the outage of Bartow Unit 4 in April 2017. To the extent that this reduction in allowed cost recovery reduces the fuel cost recovery factors for DEF, those factors should be adjusted.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, LLC.

ISSUE 23A: What is the appropriate net book value of retired Plant Crystal River South (Units 1 and 2) assets to be recovered over a one-year period as approved by Order No. PSC-2017-0451-AS-EU?

PCS Phosphate: Agree with OPC.

ISSUE 23B: What is the appropriate amount of costs for the Independent Spent Fuel Storage Installation (ISFSI) that DEF should be allowed to recover through the capacity cost recovery clause pursuant to DEF's 2017 Settlement?

PCS Phosphate: Agree with OPC.

ISSUE 23C: Should the Commission approve the Third Implementation Stipulation and, if approved, what is the amount of state corporate income tax savings that should be refunded to customers through the capacity clause in 2021?

PCS Phosphate: Yes, the Commission should approve the Third Implementation Stipulation filed in this docket on July 27, 2020. PCS Phosphate was a signatory to that agreement.

ISSUE 23D: What adjustment amounts should the Commission approve to be refunded through the capacity clause in 2021 for the Columbia SoBRA I project approved in Docket No. 20180149-EI and the DeBary, Lake Placid, and Trenton SoBRA II projects approved in Docket No. 20190072-EI?

PCS Phosphate: Agree with OPC.

Florida Power & Light Company

ISSUE 24A: What is the appropriate true-up adjustment amount associated with the 2018 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2021?

PCS Phosphate: No position.

ISSUE 24B: 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 (Order No. PSC-16-0506-FOF-EI) for 2021?

PCS Phosphate: No position.

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 will 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 will 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 2019 through December 2019?

PCS Phosphate: Agree with OPC.

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2020 through December 2020?

PCS Phosphate: Agree with OPC.

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2021 through December 2021?

PCS Phosphate: Agree with OPC.

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2021 through December 2021?

PCS Phosphate: Agree with OPC.

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 2021 through December 2021?

PCS Phosphate: Agree with OPC.

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 2021 through December 2021?

PCS Phosphate: Agree with OPC.

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2021 through December 2021?

PCS Phosphate: Agree with OPC.

III. EFFECTIVE DATE

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

PCS Phosphate: No position.

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?

PCS Phosphate: No position.

ISSUE 36: Should this docket be closed?

PCS Phosphate: No position.

CONTESTED ISSUES

ISSUE A: What action should be taken in response to the Commission's September 1, 2020 vote to approve, without modification, Judge Stevenson's Recommended Order dated April 27, 2020, regarding the Bartow Unit 4 February 2017 outage?

PCS Phosphate: The Commission should issue its order consistent with the September 1, 2020 final vote on this issue, but no further independent action is required. Based on the final vote, the Commission should direct DEF to reduce its proposed cost recovery amounts for January 2021 through December 2021 by \$16.1 million, plus interest, to refund costs relating to the replacement power and de-rating costs due to the outage of Bartow Unit 4 in April 2017. To the extent that this reduction in allowed cost recovery reduces the fuel cost recovery factors for DEF, corresponding adjustments should be made to those proposed.

F. PENDING MOTIONS

None.

G. PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY

None.

H. OBJECTIONS TO QUALIFICATIONS OF WITNESS AS EXPERT

None at this time.

I. REQUIREMENTS OF ORDER ESTABLISHING PROCEDURE

There are no requirements of the Procedural Orders with which PCS Phosphate cannot comply.

Respectfully submitted,

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Dated: October 6, 2020

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Prehearing Statement of PCS Phosphate has been furnished by electronic mail this 6th of October 2020, to the following:

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