

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Fuel and Purchased Power Cost Recovery
Clause with Generating Performance Incentive
Factor

DOCKET NO. 20210001-EI

FILED: October 6, 2021

PRE-HEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2021-0074-PCO-EI, issued February 9, 2021, and Amendatory Orders No. PSC-2021-0074A-PCO-EI issued April 30, 2021, No. PSC-2021-0211-PCO-EI issued June 7, 2021, and No. PSC-2021-0340-PCO-EI issued September 14, 2021 hereby submit this Prehearing Statement.

APPEARANCES:

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On behalf of the Citizens of the State of Florida

A. WITNESSES:

None.

B. EXHIBITS:

None.

C. STATEMENT OF BASIC POSITION

The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Interveners provide evidence to the contrary. Further, the utilities have the burden to prove they have dispatched generation and incurred fuel costs in the most efficient and prudent manner. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred.

D. STATEMENT OF FACTUAL ISSUES AND POSITION

I. FUEL ISSUES

Duke Energy Florida, LLC.

ISSUE 1A: Should the Commission approve DEF's 2022 Risk Management Plan?

OPC: Yes, the Commission should approve DEF's 2022 Risk Management Plan.

ISSUE 1B: What is the appropriate subscription bill credit associated with DEF's Clean Energy Connection Program, approved by Order No. PSC-2021-0059-S-EI, to be included for recovery in 2022?

OPC: No position.

ISSUE 1C: Has DEF made appropriate adjustments, if any are needed, to account for replacement power costs associated with the January 2021 to April 2021 Crystal River Unit No. 4 outage? If appropriate adjustments are needed and have not been made, what adjustments should be performed?

OPC: No. The utility bears the burden of proof for recovery of costs claimed. At this time, DEF has not demonstrated that its actions related to the outages were reasonable and prudent, or that replacement power costs should be borne by customers.

ISSUE 1D: Should the Commission allow the \$246.8 million estimated 2021 true-up to be recovered over 2022 and 2023?

OPC: Yes, OPC supports the Rate Mitigation Plan which will be considered in Docket No. 20210158.

ISSUE 1E: Has DEF made appropriate adjustments, if any are needed, to account for replacement power costs associated with the January 2021 to April 2021 outage in Bartow CC Unit 4A and/or the May 2021 to July 2021 outage in Bartow CC Unit 4C? If appropriate adjustments are needed and have not been made, what adjustments should be performed?

OPC: No. The utility bears the burden of proof for recovery of costs claimed. At this time, DEF has not demonstrated that its actions related to the outages were reasonable and prudent, or that replacement power costs should be borne by customers.

The OPC and DEF have proposed a stipulation that would defer consideration and determination of this issue to the 2022 hearing.

Florida Power & Light Company

ISSUE 2A: What is the appropriate revised SoBRA factor for the 2019 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

OPC: No position at this time.

ISSUE 2B: What is the appropriate revised SoBRA factor for the 2020 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

OPC: No position at this time.

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 2020 through December 2020, and how should that gain to be shared between FPL and customers?

OPC: 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 2020 through December 2020?

OPC: 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 2020 through December 2020?

OPC: 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 2020 through December 2020?

OPC: No position at this time.

ISSUE 2G: What is the appropriate subscription credit associated with FPL's SolarTogether Program approved by Order No. PSC-2020-0084-S-EI, to be included for recovery in 2022?

OPC: No position at this time.

ISSUE 2H: Should the Commission approve FPL's 2022 Risk Management Plan?¹

OPC: No position at this time; however if the pending rate case settlement agreement is approved this issue is moot as to hedging.

¹ FPL and Gulf filed a single 2022 Risk Management Plan applicable to both utilities. Document No. 11768-2021.

ISSUE 2I: What is the appropriate revised base rate adjustment factor for the Okeechobee Clean Energy Center (OCEC) limited scope adjustment (LSA) to reflect actual construction costs that are less than the projected costs used to develop the initial factor?

OPC: No position at this time.

ISSUE 2J: Has FPL appropriately accounted for any redispatch related to its 2022 operation of the NFRC in its 2022 projections? If not, what adjustment, if any, should be made?

OPC: No position at this time; however if the pending rate case settlement agreement is approved this issue is moot as to hedging.

ISSUE 2K: Has FPL made appropriate adjustments, if any are needed, to account for replacement power costs associated with the outages at Turkey Point Units 3 and 4 that occurred after January 2, 2020? If appropriate adjustments are needed and have not been made, what adjustments should be performed?

OPC: No. The utility bears the burden of proof for recovery of costs claimed. At this time, FPL has not demonstrated that its actions related to the outages were reasonable and prudent, or that replacement power costs should be borne by customers. The OPC and FPL have proposed a stipulation that would defer consideration and determination of this issue to the 2022 hearing.

Florida Public Utilities Company

ISSUE 3A: Should an adjustment be made to remove any legal and/or consultant fees included for recovery in FPUC's 2022 fuel factors?

OPC: Yes, the Commission should disallow all legal and consultant fees included for recovery in FPUC's 2022 fuel factor until FPUC can establish that the specific legal and consultant costs are tied to a fuel-related project for 2020, 2021, and/or 2022.

Gulf Power Company

ISSUE 4A: Should the Commission approve FPL's 2022 Risk Management Plan?

OPC: No position at this time; however if the pending rate case settlement agreement is approved this issue is moot as to hedging.

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 2020 through December 2020, and how should that gain to be shared between TECO and customers?

OPC: No position at this time.

ISSUE 5B: Should the Commission take any action related to the optimization mechanism regarding pipeline capacity release gains or coal car leases for the period of October 21, 2021, through December 31, 2021?

OPC: Stipulation: No. The Parties agree that TECO does not intend to engage in transactions described in Paragraph 12(i)-(ii) of the proposed 2021 Settlement Agreement during that time, and that no adjustment to Asset Optimization Mechanism sharing is required (notwithstanding the 2017 Settlement Agreement). Nevertheless, the Parties agree that to the extent circumstances change, sharing can be trued-up/adjusted in a future proceeding.

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2021 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

OPC: No position at this time.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2022 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

OPC: No position at this time.

ISSUE 8: What are the appropriate final fuel adjustment true-up amounts for the period January 2020 through December 2020?

OPC: No position at this time.

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2021 through December 2021?

OPC: No position at this time.

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2022 through December 2022?

OPC: No position at this time.

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2022 through December 2022?

OPC: No position at this time.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR 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 GPIF reward or penalty for performance achieved during the period January 2020 through December 2020 for each investor-owned electric utility subject to the GPIF?

OPC: No position at this time.

ISSUE 17: What should the GPIF targets/ranges be for the period January 2022 through December 2022 for each investor-owned electric utility subject to the GPIF?

OPC: 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 2022 through December 2022?

OPC: 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 2022 through December 2022?

OPC: No position at this time.

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2022 through December 2022?

OPC: 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?

OPC: 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?

OPC: No position at this time.

II. Capacity Issues

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, LLC.

ISSUE 23A: What adjustment amounts should the Commission approve to be refunded through the capacity clause in 2022 associated with the SoBRA III project, specifically Plants Santa Fe and Twin Rivers approved in Docket No. 20200245-EI?

OPC: The adjustments to Plants Santa Fe and Twin Rivers should be as reflected in the Rate Mitigation Agreement Paragraph 2, which will be considered in Docket No. 20210158.

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?

OPC: No position at this time.

Florida Power & Light Company

ISSUE 24A: What is the appropriate true-up adjustment amount associated with the 2019 SOBRA projects to be refunded through the capacity clause in 2022?

OPC: No position at this time.

ISSUE 24B: What is the appropriate true-up adjustment amount associated with the 2020 SOBRA projects to be refunded through the capacity clause in 2022?

OPC: 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 2022?

OPC: No position at this time.

ISSUE 24D: What is the appropriate true-up adjustment amount associated with Okeechobee Clean Energy Center Generation Limited Scope Adjustment as required by Order NO. PSC-2016-0560-AS-EI?

OPC: 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 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 2020 through December 2020?

OPC: No position at this time.

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2021 through December 2021?

OPC: 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 2022 through December 2022?

OPC: No position at this time.

Issue 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2022 through December 2022?

OPC: 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 2022 through December 2022?

OPC: 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 2022 through December 2022?

OPC: No position at this time.

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2022 through December 2022?

OPC: 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?

OPC: 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?

OPC: No position at this time.

ISSUE 36: Should this docket be closed?

OPC: This is a continuing docket and should remain open.

CONTESTED ISSUES

Duke Energy Florida, LLC.

ISSUE 1F: What is the impact on this docket, if a decision is issued in Case SC20-1601 before January 1, 2022?

OPC: The OPC and DEF have proposed a stipulation that would defer consideration and determination of this issue to the 2022 hearing.

ISSUE 1G: If the decision in Case SC20-1601 requires the return of replacement power costs to customers, what interest amount should be applied?

OPC: The OPC and DEF have proposed a stipulation that would defer consideration and determination of this issue to the 2022 hearing.

E. **STIPULATED ISSUES:**

None at this time.

F. **PENDING MOTIONS:**

None.

G. **REQUESTS FOR CONFIDENTIALITY:**

OPC has no pending requests for claims for confidentiality.

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

OPC has no objections to any witness' qualifications as an expert in this proceeding.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Dated this 6th day of October, 2021

Respectfully submitted,

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/s/Anastacia Pirrello
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CERTIFICATE OF SERVICE
Docket No. 20210001-EI

I HEREBY CERTIFY that a true and correct copy of the Office of Public Counsel's Prehearing Statement has been furnished by electronic mail on this 6th day of October 2021, to the following:

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