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October 6, 2021

BY E-PORTAL

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Docket No. 20210001-EI: Fuel and Purchased Power Cost Recovery Clause with
Generating Performance Incentive Factor**

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket, please find the Prehearing Statement of Florida Public Utilities Company.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

s/Beth Keating

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK
cc:/(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20210001-EI

DATED: October 6, 2021

**FLORIDA PUBLIC UTILITIES COMPANY'S
PREHEARING STATEMENT**

In accordance with the Order Establishing Procedure for this Docket, Order No. PSC-2021-0074-PCO-EI, issued February 9, 2021, as amended and modified,¹ Florida Public Utilities Company (“FPUC,” or “Company”) hereby files its Prehearing Statement.

A. APPEARANCES

Beth Keating
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215 South Monroe St., Suite 601
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(850) 521-1706
On behalf of Florida Public Utilities Company

B. WITNESSES AND EXHIBITS

i. All Known Witnesses

<u>Witness</u>	<u>Subject</u>	<u>Issue</u>
Curtis D. Young	Final True Up 2020	8
Curtis D. Young	Estimated/Actual 2021	3A, 9
Curtis D. Young	Projection for 2022	10, 11, 18, 19, 20, 21, 22, 34, 35, 36
P. Mark Cutshaw	Special Projects	3A, 10, 11

¹ Order No. PSC-2021-0074A-PCO-EI, issued April 30, 2021; Order No. PSC-2021-0211-PCO-EI, issued June 7, 2021; and Order No. PSC-2021-0340-PCO-EI, issued September 14, 2021.

ii. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>	<u>Issue</u>
Young	CDY-1	Final True Up Schedules (Schedules A, C1 and E1-B for FPUC's Divisions)	8
Young	CDY-2	Estimated/Actual (Schedules E1-A, E1-B, and E1-B1)	3A, 9
Young	CDY-3	Schedules E1, E1A, E2, E7, E8, E10 and Schedule A	10, 11, 18, 19, 20, 21, 22, 34, 35, 36

C. STATEMENT OF BASIC POSITION

FPUC's Statement of Basic Position

FPUC: The Commission should approve Florida Public Utilities Company's final net true-up for the period January through December 2020, the estimated true-up for the period January through December, 2021, and the purchase power cost recovery factors for the period January through December, 2022, until subsequently revised by the Commission.

D. FPUC's POSITION ON THE ISSUES

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Duke Energy Florida, LLC.

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

FPUC's Position: No position.

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?

FPUC's Position: 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?

FPUC's Position: No position.

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

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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

FPUC's Position: No position.

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?

FPUC's Position: No position.

² FPL and Gulf filed a single 2022 Risk Management Plan applicable to both utilities. Document No. 11768-2021.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No. As outlined in the testimony of FPUC Witness Mark Cutshaw and further elaborated upon in FPUC's Response to Staff Interrogatories Nos. 4 and 5, the Company currently does not have the in-house resources or expertise to identify and pursue projects as well as negotiate contract terms that will produce cost savings which will ultimately be passed through to the customers, nor the internal resources to pursue projects and initiatives designed to produce purchased power savings without engaging outside assistance for project analytics and due diligence. As the Commission has recognized in prior proceedings, namely Order No. PSC-2015-0586-FOF-EI, issued December 23, 2015, in Docket No. 20150001-EI, at pages 14-15, FPUC has "historically and traditionally" recovered these types of costs through the Fuel Clause. As in prior instances, the costs included for recovery are associated with legal and consulting fees incurred in the development and enactment of projects designed to reduce fuel rates to FPUC's customers, costs associated with the development and negotiations of power supply contracts, and new power supply projects aimed at reducing fuel costs to the Company in the long term. Consistent with the Commission's long-standing policy regarding recovery of fuel-related costs through the clause, as set forth in Order No. 14546³, the costs FPUC is requesting for recovery through the fuel clause are not related to FPUC's internal staff or legal for routine fuel and purchased power procurement and administration and were not included in base rates in the Company's last rate case, and FPUC projects that the opportunities

³ Order No. 14546, issued on July 8, 1985, in Docket No. 850001-EI,-B, In re: Cost Recovery Methods for Fuel-Related Expenses.

being evaluated by its contracted consultants and legal professionals will result in fuel savings. As such, no adjustment should be made to the amounts included.

Gulf Power Company

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

FPUC's Position: 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 2020 through December 2020, and how should that gain to be shared between TECO and customers?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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

FPUC's Position: For the period ended December 2020, the Company over-recovered \$2,937,906, reflecting an actual, end of period over recovery of \$3,235,074, as compared to the Company's projected amount.

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

FPUC's Position: The Company projects an under-recovery of \$680,436 for the 2021 period.

⁴ FPL and Gulf filed a single 2022 Risk Management Plan applicable to both utilities. Document No. 08359-2021 (redacted).

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

FPUC's Position: The appropriate true up amount is an over-recovery of \$2,257,470, which incorporates a \$75,358 over-recovery in the calculation to address tax savings, as well as \$677,060 associated with the settlement of Covid-related costs in Docket No. 20200194-PU.

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

FPUC's Position: The appropriate projected total fuel and purchased power cost recovery amount for the period January 2022 through December 2022 is \$48,707,195. (*Young, Cutshaw*)

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: 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 is \$46,449,725, which includes prior period true-ups. (*Young*)

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?

FPUC's Position: The appropriate tax revenue factor is 1.00072. (*Young*)

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

FPUC's Position: The appropriate factor is 4.580¢ per kWh. (*Young*)

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?

FPUC's Position: The appropriate line loss multiplier is 1.0000. (*Young*)

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

FPUC's Position: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2022 through December 2022 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.07346
GS	\$0.07389
GSD	\$0.06795
GSLD	\$0.06531
LS	\$0.04957
<u>Step rate for RS</u>	
RS Sales	\$0.07346
RS with less than 1,000 kWh/month	\$0.06989
RS with more than 1,000 kWh/month	\$0.08239

Consistent with the fuel projections for the 2022 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2022 period are:

Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.15389	\$0.03089
GS	\$0.11389	\$0.02389
GSD	\$0.10795	\$0.03545
GSLD	\$0.12531	\$0.03531
Interruptible	\$0.05031	\$0.06531

(Young)

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: 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 2020 through December 2020?

FPUC's Position: No position.

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

FPUC's Position: No position.

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?

FPUC's Position: No position.

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

FPUC's Position: No position.

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?

FPUC's Position: No position.

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?

FPUC's Position: No position.

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

FPUC's Position: No position.

III. EFFECTIVE DATE

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

FPUC's Position: The effective date for FPUC's cost recovery factors should be the first billing cycle for January 1, 2022, which could include some consumption from the prior month. Thereafter, customers should be billed the approved factors for a full 12 months, unless the factors are otherwise modified by the Commission.
(*Young*)

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?

FPUC's 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. (Young)

IV. MISCELLANEOUS ISSUES

ISSUE 36: Should this docket be closed?

FPUC's Position: This is a continuing docket and should remain open.

V. OTHER

e. Stipulated Issues

While not a party to stipulations at this time, other than Issue 36, FPUC believes that it should be possible to reach a stipulation on each of the issues as they pertain to FPUC.

f. Pending Motions

FPUC has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

FPUC has no pending requests for confidential classification.

h. Objections to Witness Qualifications as an Expert

FPUC has no objections to any witnesses' qualifications at this time.

i. Compliance with Order No. PSC-2021-0074-PCO-EI

FPUC has complied with all requirements of the Order Establishing Procedure entered in this docket, as well as the subsequent orders issued modifying that Order.

RESPECTFULLY SUBMITTED this 6th day of October, 2021.

BY: s/Beth Keating

Beth Keating
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215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 6th day of October, 2021:

<p>Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us</p>	<p>James D. Beasley/J. Jeffrey Wahlen/Malcolm Means Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 jbeasley@ausley.com jwahlen@ausley.com mmeans@ausley.com</p>
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