

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

Fuel and purchased power cost recovery clause) Docket No. 20220001-EI
with generating performance incentive factor.) Filed: October 6, 2022
_____)

**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-2022-0052-PCO-EI, issued February 7, 2022, 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 may 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.

The consumer rate impacts of DEF’s proposed increased fuel factors for 2023 are significant. DEF’s proposed fuel factors represent an approximately 30% increase over current fuel clause rates. The proposed increase in the fuel factor will produce a more than 11% increase in the average residential bill,¹ and the bill impacts on high load factor customers will be greater. The proposed fuel factors, however, fail to fully address DEF’s fuel costs for which rate recovery will be requested. As shown in its filing, DEF now estimates a total fuel cost under-recovery for 2022 of \$1.3 billion.² Currently, the utility seeks to recover \$175.8 million in its proposed factors (representing 2022 under-recovery amounts previously approved by the Commission), but this leaves more than \$1.1 billion in 2022 cost under-recoveries still to be addressed.

PCS is fully aware of the substantial increases in underlying fuel costs that are driving this circumstance and is generally in accord with DEF’s proposal to continue to monitor volatile fuel prices before finally reconciling its deficit. We are nonetheless concerned by the extent to which the already high proposed DEF factors materially under-state the fuel clause factors that will actually be implemented in 2023 once “the other shoe drops” on a remaining 2022 deficit that exceeds a billion dollars. The estimated remaining \$1.1 billion is approximately 45% of DEF’s proposed total 2023 fuel cost budget of \$2.4 billion.³ This means that DEF customers can

¹ See DEF Schedule E10, Exhibit GPD-3, part 2.

² See DEF Schedule E1-A, Exhibit GPD-2, part 2, p. 1.

³ See DEF Schedule E1, Exhibit GPD-3, part 2.

anticipate considerable additional rate increases. In these circumstances, the Commission should require DEF to take all reasonable measures to mitigate those under-recoveries and to mitigate consumer rate impacts.

E. STATEMENT ON SPECIFIC ISSUES

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT CLAUSE ISSUES

Duke Energy Florida, LLC.

ISSUE 1A: Should the Commission approve DEF's 2023 Risk Management Plan?

PCS Phosphate: No.

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 2023?

PCS Phosphate: 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 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?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 1D: What is the impact on this docket, if a decision is issued in Case SC20-1601 before January 1, 2023?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 1E: What is the impact on this docket, if a decision is issued in Case SC22-94 before January 1, 2023?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 1F: If the decision in Case SC22-94 requires the return of replacement power costs to customers, what interest amount should be applied?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 1G: Has DEF made appropriate adjustments, if any are needed, to account for replacement power costs associated with the March 2022 outage at Hines Unit 4?

If appropriate adjustments are needed and have not been made, what adjustments should be performed?

PCS Phosphate: Agree with the Public Counsel.

Florida Power & Light Company

ISSUE 2A: 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 2021 through December 2021, and how should that gain to be shared between FPL and customers?

PCS Phosphate: No position.

ISSUE 2B: 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 2021 through December 2021?

PCS Phosphate: No position.

ISSUE 2C: 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 2021 through December 2021?

PCS Phosphate: No position.

ISSUE 2D: 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 2021 through December 2021?

PCS Phosphate: No position.

ISSUE 2E: 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 2023?

PCS Phosphate: No position.

ISSUE 2F: Should the Commission approve FPL’s 2023 Risk Management Plan?

PCS Phosphate: No position.

ISSUE 2G: What is the proper methodology for FPL to calculate replacement power costs associated with an unplanned outage?

PCS Phosphate: No position.

ISSUE 2H: Were each of the unplanned outages that occurred during 2020 the result of FPL actions or decisions that were prudent? If not, what adjustments should be made?

PCS Phosphate: No position.

ISSUE 2I: Were each of the unplanned outages that occurred during 2021 the result of FPL actions or decisions that were prudent? If not, what adjustments should be made?

PCS Phosphate: No position.

ISSUE 2J: Were each of the unplanned outages that occurred during 2022 the result of FPL actions or decisions that were prudent? If not, what adjustments should be made?

PCS Phosphate: No position.

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

Any company-specific fuel issues for Gulf Power Company will be addressed under Florida Power & Light Company above.

Tampa Electric Company

ISSUE 4A: 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 2021 through December 2021, and how should that gain to be shared between TECO and customers?

PCS Phosphate: No position.

ISSUE 4B: Should the Commission approve TECO's 2023 Risk Management Plan?

PCS Phosphate: No position.

ISSUE 4C: Has TECO made appropriate adjustments, if any are needed, to account for replacement power costs associated with any outages that occurred during 2021 and 2022? If appropriate adjustments are needed and have not been made, what adjustments should be performed?

PCS Phosphate: No position.

GENERIC FUEL ADJUSTMENT ISSUES

PCS Phosphate: No position.

ISSUE 5: What are the appropriate actual benchmark levels for calendar year 2022 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PCS Phosphate: No position.

ISSUE 6: What are the appropriate estimated benchmark levels for calendar year 2023 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PCS Phosphate: No position.

ISSUE 7: What are the appropriate final fuel adjustment true-up amounts for the period January 2021 through December 2021?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 8: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2022 through December 2022?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 9: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2023 through December 2023?

PCS Phosphate: No position at this time.

ISSUE 10: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2023 through December 2023?

PCS Phosphate: 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 11A, 11B, 11C, 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 12A, 12B, 12C, and so forth, as appropriate.

Gulf Power Company

Any company-specific capacity issues for Gulf Power Company will be addressed under Florida Power & Light Company above.

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 13A, 13B, 13C, and so forth, as appropriate.

GENERIC GPIF ISSUES

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period January 2021 through December 2021 for each investor-owned electric utility subject to the GPIF?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 15: What should the GPIF targets/ranges be for the period January 2023 through December 2023 for each investor-owned electric utility subject to the GPIF?

PCS Phosphate: No position at this time.

FUEL FACTOR CALCULATION ISSUES

ISSUE 16: 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 2023 through December 2023?

PCS Phosphate: No position.

ISSUE 17: 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 2023 through December 2023?

PCS Phosphate: No position.

ISSUE 18: What are the appropriate levelized fuel cost recovery factors for the period January 2023 through December 2023?

PCS Phosphate: No position at this time.

ISSUE 19: 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: No position.

ISSUE 20: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

PCS Phosphate: No position at this time.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, LLC

ISSUE 21A: 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 the Public Counsel.

ISSUE 21B: What adjustment amounts should the Commission approve to be refunded through the capacity clause associated with the Duette SoBRA III project in Docket No. 20200245-EI?

PCS Phosphate: Agree with the Public Counsel.

ISSUE 21C: What DOE Settlement Spent Fuel Claim amount should the Commission approve to be recovered through the capacity clause?

PCS Phosphate: Agree with the Public Counsel.

Florida Power & Light Company

No company-specific capacity cost recovery factor issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they will be numbered 22A, 22B, 22C, and so forth, as appropriate.

Gulf Power Company

Any company-specific capacity issues for Gulf Power Company will be addressed under Florida Power & Light Company above.

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 23A, 23B, 23C, and so forth, as appropriate.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 24: What are the appropriate final capacity cost recovery true-up amounts for the period January 2021 through December 2021?

PCS Phosphate: No position at this time.

ISSUE 25: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2022 through December 2022?

PCS Phosphate: No position at this time.

ISSUE 26: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2023 through December 2023?

PCS Phosphate: No position at this time.

ISSUE 27: What are the appropriate projected total capacity cost recovery amounts for the period January 2023 through December 2023?

PCS Phosphate: No position at this time.

ISSUE 28: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2023 through December 2023?

PCS Phosphate: No position.

ISSUE 29: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2023 through December 2023?

PCS Phosphate: No position.

ISSUE 30: What are the appropriate capacity cost recovery factors for the period January 2023 through December 2023?

PCS Phosphate: No position at this time.

III. EFFECTIVE DATE

ISSUE 31: What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?

PCS Phosphate: No position.

ISSUE 32: 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 33: Should this docket be closed?

PCS Phosphate: No position.

CONTESTED ISSUES

OPC ISSUE C: Has FPL imprudently taken, or failed to prudently take, actions or made or failed to prudently make, decisions at or affecting the Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2, such that replacement power costs have been incurred as they affect the fuel factor for 2020, 2021, 2022 and projections for 2023? If so, what adjustments should be made?

PCS Phosphate: No position.

OPC ISSUE E: Should the Commission establish a spin-off docket to investigate FPL's nuclear operations and its impact on historical, ongoing, and future fuel costs?

PCS Phosphate: No position.

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 Order with which PCS Phosphate cannot comply.

Respectfully submitted,

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Dated: October 6, 2022

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 2022, to the following:

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