

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased)
Power Cost Recovery Clause)
And Generating Performance)
Incentive Factor.)
_____)

DOCKET NO. 20220001-EI

FILED: October 6, 2022

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

MALCOLM N. MEANS
J. JEFFRY WAHLEN
VIRGINIA L. PONDER
Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302

On behalf of Tampa Electric Company

B. WITNESSES:

Witness	Subject Matter	Issues #
Direct		
M. Ashley Sizemore	Company Specific Issues	4C
	Generic Fuel Adjustment Issues, Adjustment Factors	5,6,7,8,9,10
	Fuel Factor Calculation Issues	16,17,18,19,20
	Generic Capacity Cost Recovery Factor Issues	24,25,26,27,28,29,30
	Effective Date	31, 32, 33
Patrick A. Bokor	Generic Generating Performance Incentive Factor Issues	14, 15
	Fuel Factor Calculation Issues	16
Benjamin F. Smith	Fuel Factor Calculation Issues	16

	Generic Capacity Cost Recovery Factor Issues	28
John C. Heisey	Fuel Factor Calculation Issues	4A, 4B, 16

C. EXHIBITS:

Witness	Proffered By	Exhibit No.	Description	Issue #
Sizemore	Tampa Electric	MAS-1	Final True-Up Capacity Cost Recovery January 2021-December 2021	24, 26
Sizemore	Tampa Electric	MAS-1	Final True-up Fuel Cost Recovery January 2021-December 2021	4C, 7, 9
Sizemore	Tampa Electric	MAS-1	Actual Fuel True-up Compared to Original Estimates January 2021-December 2021	7, 9
Sizemore	Tampa Electric	MAS-1	Schedules A-1, A-2, A-6 through A-9, and A-12 January 2021-December 2021	4C, 7, 9, 24, 26
Sizemore	Tampa Electric	MAS-2	Actual/Estimated True-Up Fuel Cost Recovery January 2022-December 2022	8, 9
Sizemore	Tampa Electric	MAS-2	Actual/Estimated True-Up Capacity Cost Recovery January 2022-December 2022	25, 26
Sizemore	Tampa Electric	MAS-3	Projected Capacity Cost Recovery January 2023-December 2023	27-33
Sizemore	Tampa Electric	MAS-3	Projected Fuel Cost Recovery January 2023-December 2023	10, 16-20, 31-33
Sizemore	Tampa Electric	MAS-3	Levelized and Tiered Fuel Rate January 2023-December 2023	10, 16-20
Bokor	Tampa Electric	PAB-1	Final True-Up Generating Performance Incentive Factor January 2021-December 2021	14,16
Bokor	Tampa Electric	PAB-1	Actual Unit Performance Data January 2021-December 2021	14, 16
Bokor	Tampa Electric	PAB-2	Generating Performance Incentive Factor January 2023-December 2023	15
Bokor	Tampa Electric	PAB-2	Summary of Generating Performance Incentive Factor Targets January 2023-December 2023	15
Heisey	Tampa Electric	JCH-1	Optimization Mechanism Results January 2021-December 2021	4A
Heisey	Tampa Electric	JCH-2	Risk Management Plan January 2023-December 2023	4B

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery, and GPIF true-up and projection calculations, including the proposed fuel adjustment factor of 4.832 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage; the company's proposed capacity factor for the period January through December 2023; a GPIF reward of \$546,170 for performance during 2021 and the company's proposed GPIF targets and ranges for 2023.

E. STATEMENT OF ISSUES AND POSITIONS

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

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?

TECO: The total gain for the period January 2021 through December 2021 under the Optimization Mechanism approved by Order No. PSC-2017-0456-S-EI is \$13,439,732. Customers should receive \$8,619,866, and Tampa Electric should receive \$4,819,866. (Witness: Heisey)

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

TECO: Yes. Tampa Electric's 2023 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Witness: Heisey)

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?

TECO: No. Tampa Electric has not made any adjustments, at this time, to account for replacement power costs associated with any outages that occurred during 2021 and 2022. (Witness: Sizemore)

GENERIC FUEL ADJUSTMENT ISSUES

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?

TECO: The company did not set an actual benchmark level for calendar year 2022. Pursuant to Tampa Electric's Settlement Agreement, approved in Order No. PSC-2021-0423-S-EI, the company's Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Witness: Sizemore)

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?

TECO: The company did not set an estimated benchmark level for calendar year 2023. Pursuant to Tampa Electric's Settlement Agreement approved by Order No. PSC-2021-0423-S-EI, the company's Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Witness: Sizemore)

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

TECO: \$0. (Witness: Sizemore)

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

TECO: \$411,964,625 under-recovery. (Witness: Sizemore)

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

TECO: \$0. The natural gas prices remain heavily volatile, and the 2022 under-recovery could change materially over the remainder of the calendar year. Consequently, the company did not include the currently projected under-recovery for 2022 in the 2023 factors. (Witness: Sizemore)

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

TECO: The total recoverable fuel and purchased power recovery amount to be collected, adjusted by the jurisdictional separation factor, is \$956,732,804. (Witness: Sizemore)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR 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?

TECO: A reward in the amount of \$546,170 for January 2021 through December 2021 performance to be applied to the January 2023 through December 2023 period. (Witness: Bokor)

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?

TECO: The appropriate targets and ranges are shown in Exhibit No. __ (PAB-2) to the prefiled testimony of Mr. Patrick A. Bokor. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and modified in 2006 by Commission Order No. PSC-2006-1057-FOF-EI in Docket No. 20060001-EI. (Witness: Bokor)

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?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2023 through December 2023, adjusted by the jurisdictional separation factor, is \$956,732,804. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up, optimization mechanism, and GPIF, adjusted for the revenue tax factor, is \$962,791,158. (Witness: Sizemore, Heisey, Bokor, Smith)

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?

TECO: The appropriate revenue tax factor is 1.00072. (Witness: Sizemore)

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

TECO: The appropriate factor is 4.825 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Sizemore)

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?

TECO: The appropriate fuel recovery line loss multipliers are as follows:

<u>Metering Voltage Schedule</u>	<u>Line Loss Multiplier</u>
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

(Witness: Sizemore)

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

TECO: The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>	
Secondary	4.832	
RS Tier I (Up to 1,000 kWh)	4.525	
RS Tier II (Over 1,000 kWh)	5.525	
Distribution Primary	4.784	
Transmission	4.735	
Lighting Service	4.767	
Distribution Secondary	5.179	(on-peak)
	4.683	(off-peak)
Distribution Primary	5.127	(on-peak)
	4.636	(off-peak)
Transmission	5.075	(on-peak)
	4.589	(off-peak)

(Witness: Sizemore)

II. CAPACITY ISSUES

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?

TECO: \$0. (Witness: Sizemore)

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

TECO: \$3,967,826 over-recovery. (Witness: Sizemore)

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?

TECO: \$3,967,826 over-recovery. (Witness: Sizemore)

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

TECO: The projected total capacity cost recovery amount for the period January 2023 through December 2023 is \$846,862. (Witness: Sizemore)

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?

TECO: The total recoverable capacity cost recovery amount to be collected, including the true-up amount, adjusted for the revenue tax factor, is (\$3,123,211). (Witness: Sizemore, Smith)

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?

TECO: The appropriate jurisdictional separation factor is 1.0000000. (Witness: Sizemore)

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

TECO: The appropriate factors for January 2023 through December 2023 are as follows:

<u>Rate Class and Metering Voltage</u>	<u>Capacity Cost Recovery Factor</u>	
	<u>Cents per kWh</u>	<u>\$ per kW</u>
RS Secondary	-0.018	
GS and CS Secondary	-0.017	
GSD, RSD Standard		
Secondary		-0.06
Primary		-0.06
Transmission		-0.06
GSD Optional		
Secondary	-0.014	
Primary	-0.014	
Transmission	-0.014	
GSLDPR/GSLDTPR/SBLDPR/SBLDTPR		-0.05
GSLDSU/GSLDTSU/SBLDSU/SBLDTSU		-0.04
LS-1, LS-2	-0.003	

(Witness: Sizemore)

III. EFFECTIVE DATE

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

TECO: The new factors should be effective beginning with the first billing cycle for January 2023 through the last billing cycle for December 2023. The first billing cycle may start before January 1, 2023, and the last cycle may be read after December 31, 2023, so that each customer is billed for twelve months regardless of when the recovery factors became effective. The new factors shall continue in effect until modified by this Commission. (Witness: Sizemore)

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?

TECO: Yes. (Witness: Sizemore)

ISSUE 33: Should this docket be closed?

TECO: Yes.

F. STIPULATED ISSUES

TECO: None at this time.

G. PENDING MOTIONS

TECO: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

TECO:

1. Tampa Electric's Request for Confidential Classification of certain highlighted information contained in Schedule E12 (Bates Stamped page 43), dated July 27, 2022. [DN 05035-2022].
2. Tampa Electric's Request for Specified Confidential Treatment and Motion for Temporary Protective Order for confidential portions of Forms 423-1,432-1(a),423-2, 423-2(a),423-2(b), dated July 29, 2022. [DN 5100-2022]. *See amended request below [DN 5183-2022].*
3. Amended Request for Specified Confidential Treatment and Motion for Temporary Protective Order for confidential portions of Forms 423-1,432-1(a),423-2, 423-2(a),423-2(b), dated August 2, 2022. [DN 5183-2022].
4. Tampa Electric's Request for Confidential Classification of certain highlighted information contained in Schedule E12 (Bates Stamped page 15). [DN 05968-2022].

I. OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT

TECO: Tampa Electric has no objections to any witnesses' qualifications as an expert in this proceeding.

J. REQUEST FOR SEQUESTRATION OF WITNESSES

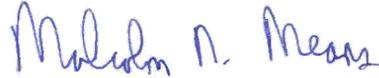
TECO: Tampa Electric does not request the sequestration of witnesses at this time.

K. **COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

TECO: Tampa Electric has complied with all requirements of the Order Establishing Procedure No. PSC-2022-0052-PCO-EI

DATED this 6th day of October 2022.

Respectfully submitted,



J. JEFFRY WAHLEN
jwahlen@ausley.com
MALCOLM N. MEANS
mmeans@ausley.com
VIRGINIA L. PONDER
vponder@ausley.com
Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302
(850) 224-9115
ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by electronic mail on this 6th day of October 2022 to the following:

Ms. Suzanne Brownless
Ryan Sandy
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us
rsandy@psc.state.fl.us

Richard Gentry
Mary Wessling
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
gentry.richard@leg.state.fl.us
wessling.mary@leg.state.fl.us

Ms. Dianne M. Triplett
Duke Energy Florida
299 First Avenue North
St. Petersburg, FL 33701
Dianne.triplett@duke-energy.com
FLRegulatoryLegal@duke-energy.com

Mr. Matthew R. Bernier
Mr. Robert Pickles
Stephanie A. Cuello
Duke Energy Florida
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740
Matthew.bernier@duke-energy.com
Robert.pickles@duke-energy.com
Stephanie.Cuello@duke-energy.com

Mr. Jon C Moyle, Jr.
Moyle Law Firm
118 North Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com

Ms. Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301
bkeating@gunster.com

Maria Moncada
David M. Lee
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
maria.moncada@fpl.com
david.lee@fpl.com

Mr. Kenneth Hoffman
Vice President, Regulatory Relations
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859
ken.hoffman@fpl.com

Mr. Mike Cassel
Regulatory and Governmental Affairs
Florida Public Utilities Company
Florida Division of Chesapeake Utilities Corp.
1750 SW 14th Street, Suite 200
Fernandina Beach, FL 32034
mcassel@fpuc.com

Mr. James W. Brew
Ms. Laura W. Baker
Stone Mattheis Xenopoulos & Brew, PC
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, D.C. 20007-5201
jbrew@smxblaw.com
lwb@smxblaw.com

Mr. Peter J. Mattheis
Mr. Michael K. Lavanga
Mr. Joseph R. Briscar
Stone Law Firm
1025 Thomas Jefferson St., NW
Suite 800 West
Washington, DC 20007-5201
pjm@smxblaw.com
mkl@smxblaw.com
jrb@smxblaw.com

Robert Scheffel Wright
John T. LaVia III
1300 Thomaswood Drive
Tallahassee FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com

Michelle D. Napier
1635 Meathe Drive
West Palm Beach, FL 33411
mnapier@fpuc.com

Nucor Steel Florida, Inc.
Corey Allain
22 Nucor Drive
Frostproof FL 33843
corey.allain@nucor.com



ATTORNEY