

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 1, 2023
TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk
FROM: Andrew L. Maurey, Director, Division of Accounting & Finance
RE: Revised Recommendation - Docket No. 20230001-EI (Item 6)

On January 23, 2023, Duke Energy Florida, LLC (DEF) filed a petition requesting a mid-course correction of both its 2023 fuel and capacity cost recovery factors. This petition was amended on February 27, 2023. The revised recommendation addresses DEF's amended petition.

A handwritten signature in blue ink, appearing to be "Andrew L. Maurey".

State of Florida



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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 2, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Higgins, Kelley, Zaslow) *ALM*
Division of Economics (Hampson) *JGH*
Office of the General Counsel (Brownless, Sandy) *JSC*

RE: Docket No. 20230001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

AGENDA: 03/07/23 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On January 23, 2023, Duke Energy Florida, LLC (DEF or Company), filed for a mid-course correction of both its 2023 fuel and capacity cost recovery factors.¹ This petition was amended on February 27, 2023 (MCC Petition).² DEF's currently-effective 2023 fuel and capacity factors were approved last year at the November 17-18, and December 6, 2022 final hearing.³ Underlying the approval of DEF's 2023 factors was the Florida Public Service Commission's (Commission) review of the Company's projected 2023 fuel- and capacity-related costs. These costs are recovered through fuel and capacity cost recovery factors that are set/reset annually in this docket. However, during the 2022 annual fuel clause cycle, DEF proposed not to include the

¹Document No. 00417-2023.

²Document No. 01366-2023.

³Order No. PSC-2023-0026-FOF-EI, issued January 6, 2023, in Docket No. 20230001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.*

majority of its unrecovered 2022 fuel costs in the fuel factors approved at the December 6th final hearing. Instead, DEF indicated it would be petitioning for recovery of those costs through a separate filing. The primary rationale for this course of action was that the extreme volatility of natural gas prices in 2022 had made a reliable projection of final 2022 costs impractical. The Commission subsequently ordered DEF's filing to be submitted on or before January 23, 2023.⁴

Mid-Course Corrections

Mid-course corrections are used by the Commission between annual clause hearings whenever costs deviate from revenue by a significant margin. Under Rule 25-6.0424, Florida Administrative Code (F.A.C.), which is commonly referred to as the “mid-course correction rule,” a utility must notify the Commission whenever it expects to experience an under- or over-recovery of certain service costs greater than 10 percent. The notification of a 10 percent cost-to-revenue variance shall include a petition for mid-course correction to the fuel cost recovery or capacity cost recovery factors, or shall include an explanation of why a mid-course correction is not practical. The mid-course correction rule and its codified procedures are further discussed throughout this recommendation.

DEF's Petition for Mid-Course Correction

Through its MCC Petition, DEF is proposing a mid-course correction of its 2023 fuel and capacity charges. Specifically, the Commission is being asked to approve increases to DEF's fuel cost recovery factors to incorporate its currently-projected 2023 end-of-year fuel cost under-recovery in the amount of approximately \$469 million. With respect to capacity costs, the Company is proposing to incorporate into rates the 2022 tax-savings effect of the Inflation Reduction Act (IRA) of 2022 in the amount of approximately \$11.7 million.⁵ This topic is discussed further in Issue 1.

The Company is requesting that its revised fuel and capacity factors and associated tariff sheet No. 6.105 become effective beginning with the first billing cycle of April 2023. The effective date is further discussed in both Issues 1 and 2. Also included in the Company's proposed tariff are the (proposed) rate adjustments related to its recovery of storm restoration (to include reserve replenishment) costs related to Hurricanes: Elsa, Eta, Ian, Isaias, and Nicole, and Tropical Storm Fred, as petitioned for in Docket No. 20230020-EI.⁶ However, while the rate adjustments are addressed on proposed tariff sheets No. 6.105 and No. 6.106 in Appendix A to this recommendation, neither the Interim Storm Charge or associated rates are at issue in this proceeding.

The Commission is vested with jurisdiction over the subject matter of this proceeding by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

⁴Order No. PSC-2023-0026-FOF-EI.

⁵Retroactively effective to January 1, 2022, the IRA expanded federal income tax benefits for renewable energy by allowing owners of solar projects which begin construction before 2025 the option to elect to receive Production Tax Credits rather than Investment Tax Credits for eligible facilities. The tax savings noted through-out this recommendation were produced by the Company electing to record Production Tax Credits rather than Investment Tax Credits for eligible facilities.

⁶See Document No. 00418-2023 for further information regarding DEF's Interim Storm Charge request.

Discussion of Issues

Issue 1: Should the Commission modify DEF's currently-approved fuel and capacity cost recovery factors for the purpose of incorporating its actual 2022 under-recovery of fuel costs?

Recommendation: Yes. Staff recommends the Commission approve DEF's proposed adjustments to its currently-approved fuel cost recovery factors to incorporate the currently-projected 2023 end-of-year fuel cost under-recovery in the amount of \$468,961,606. Further, staff recommends the Commission approve adjustments to DEF's currently-approved capacity cost recovery factors to incorporate a refund of (\$11,668,131) related to the tax savings associated with the IRA of 2022. (Higgins, Zaslow, Kelley)

Staff Analysis: DEF participated in the Commission's most-recent fuel hearing which took place during November 17-18, 2022, and December 6, 2022. The fuel order stemming from this proceeding set forth the Company's fuel and capacity cost recovery factors effective with the first billing cycle of January 2023.⁷ However, as discussed below, the currently-authorized fuel cost recovery factors do not include certain deferred fuel costs that were primarily incurred in 2022. In support of the deferral, DEF argued that the 2022 natural gas market was so volatile that its total annual fuel (natural gas) cost could not be accurately predicted and that it was better to wait and use actual costs for setting rates with respect to the 2022 under-recovery. Some factors that influenced natural gas prices in 2022 include reduced storage levels, strong liquefied natural gas exports, global military conflict, and capital/expenditure discipline being practiced by drilling companies.

DEF Fuel and Purchased Power Mid-Course Correction

DEF filed for a mid-course correction of its fuel and capacity charges on January 23, 2023.⁸ This filing was amended on February 27, 2023.⁹ The Company's amended petition and supporting documentation satisfy the filing requirements of Rule 25-6.0424(1)(b), F.A.C. In accordance with the noticing requirement of Rule 25-6.0424(2), F.A.C., DEF filed a letter on March 29, 2022, informing the Commission that it was projecting an under-recovery position of greater than 10 percent for the recovery period ending on December 31, 2022.¹⁰ However, in analyzing settlement prices for natural gas, the Company determined that the continuing price volatility warranted deferring a decision to file for a mid-course correction.

The Company developed its proposed mid-course correction factors using twelve months of forecasted sales data (April 2023 through March 2024). However, the exact factors proposed in this proceeding are currently contemplated to be charged for 9 months in 2023. As is typical procedure, later this year newly developed 12-month-applicable factors will be proposed for authorization to begin with the first billing cycle of January 2024.

⁷Order No. PSC-2023-0026-FOF-EI.

⁸Document No. 00417-2023.

⁹Document No. 01366-2023.

¹⁰Document No. 02134-2022.

DEF Capacity Mid-Course Correction

As previously mentioned, DEF filed for a mid-course adjustment of its capacity charges along with its fuel mid-course correction. Staff notes that DEF's capacity proposal is not being driven by a cost recovery position outside the absolute value of 10 percent as calculated using the methodology prescribed in Rule 25-6.0424(1)(a), F.A.C., rather, the driver or purpose of this proposed change is to expeditiously return to customers the benefit of the 2022 tax savings produced by the IRA. The estimated 2022 tax benefit is \$11,668,131, and constitutes the amount DEF proposes to reduce 2023 capacity costs by in this proceeding. As contemplated and proposed, this amount will be refunded over a 9-month period, or from April through December 2023.

Actual Period-Ending 2022 Fuel Cost Recovery Position

DEF's actual fuel cost recovery position at the end of 2022 is an under-recovery of (\$1,354,975,755), of which \$175,789,361 has been previously incorporated into 2023 rates.¹¹ This \$175,789,361 amount consists of the second half, or \$123,418,788, associated with the "Rate Mitigation Agreement" between DEF and the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, Nucor Steel Florida, Inc., the Southern Alliance for Clean Energy, and White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate.¹² The first half of the Rate Mitigation Agreement amount was collected in 2022. The remainder, or \$52,370,573, represents the carry forward from DEF's previous, or 2022 mid-course correction proceeding.¹³

Increased pricing for natural gas was the primary driver of the 2022 under-recovery discussed above. More specifically, the Company estimated an annual natural gas cost of \$5.20 per million British thermal unit (MMBtu) in its last mid-course correction filing and derivation of 2022 customer fuel rates.¹⁴ This figure includes delivery costs. However, as indicated in the Company's December 2022 A-Schedule, DEF's average 2022 cost of natural gas was \$8.50 per MMBtu, representing a difference of 63.5 percent.¹⁵ Natural gas-fired generation comprised approximately 85.7 percent of DEF's generation mix in 2022.¹⁶

Projected 2023 Fuel Cost Recovery Position

DEF's 2023 fuel-related revenue requirement decreased substantially since the filing of its last cost projection in September 2022.¹⁷ More specifically, the results of this updated projection are a reduction in DEF's estimated 2023 fuel-related costs in the amount of \$710,224,788. Thus,

¹¹Order No. PSC-2023-0026-FOF-EI.

¹²See Document No. 10082-2021, filed in Docket No. 20210001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*, Docket No. 20210097-EI, *In re: Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricane Eta and Isaias*, by Duke Energy Florida, LLC, and Docket No. 20210010-EI, *In re: Storm Protection Plan Cost Recovery Clause*. This motion was ultimately adjudicated in Docket No. 20210158-EI.

¹³Order No. PSC-2022-0061-PCO-EI, issued February 17, 2022, in Docket No. 20220001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

¹⁴Document No. 13092-2021.

¹⁵Document No. 00282-2023.

¹⁶*Id.*

¹⁷Document No. 05978-2022.

given the net carry forward from 2022 discussed above, the proposed incremental amount for inclusion into rates is (\$468,961,606).

The primary factor driving the change in projected 2023 fuel costs is lower assumed pricing for natural gas. More specifically, the underlying market-based natural gas price data used for the original 2023 fuel cost projection was sourced on June 13, 2022.¹⁸ This data was used to produce an estimated average 2023 delivered natural gas cost of \$8.07 per MMBtu.¹⁹ However, as indicated in its MCC Petition, DEF now estimates its average cost of natural gas in 2023 will be \$4.76 per MMBtu, representing a decrease of 41.0 percent.²⁰ The updated cost estimate was based on natural gas futures/prices sourced on February 14, 2023, or roughly eight months later than the previous estimate used to set current rates.²¹

Recovery Period and Interest Premium

As proposed, DEF's recovery period for its 2022 under-recovery of fuel costs is over 12 months of sales (beginning April 2023 and ending March 2024).²² DEF utilized the 30-day AA Financial Commercial Paper Rate to determine its 2022 interest amount.²³ The projected 2023 monthly interest rate was estimated for all months by using the January 2023 average of the 30-day AA Financial Commercial Paper Rate of 0.374 percent.²⁴

Mid-Course Correction Percentage

Following the methodology prescribed in Rule 25-6.0424(1)(a), F.A.C., the mid-course percentage is equal to the estimated end-of-period total net true-up, including interest, divided by the current period's total actual and estimated jurisdictional fuel revenue applicable to period, or (\$468,961,606) / \$2,281,046,501.²⁵ This calculation results in a mid-course correction level of (20.6) percent at December 31, 2023.

Fuel Factor

DEF's currently-approved annual levelized fuel factor beginning with the first January 2023 billing cycle is 6.257 cents per kilowatt-hour (kWh).²⁶ The Company is requesting to increase its currently-approved 2023 annual levelized fuel factor beginning April 2023 to 7.445 cents per kWh, or by 19.0 percent.²⁷

¹⁸Document No. 01366-2023.

¹⁹Document No. 05978-2022.

²⁰Document No. 01366-2023.

²¹*Id.*

²²Document No. 01366-2023.

²³Document No. 00864-2023.

²⁴Document Nos. 00864-2023 and 01368-2023, and The Federal Reserve System (U.S. Federal Reserve) published Commercial Paper Rates which can be located via the following link: <https://www.federalreserve.gov/releases/cp/>

²⁵The estimated end-of-period total net true-up, or the mid-course correction amount being sought for recovery in this proceeding, consists of the 2022 under-recovery of (\$1,354,975,755), the Rate Mitigation Plan amount for 2023 of \$123,418,788, the 2022 mid-course correction carry forward amount of \$52,370,573, and the change in projected 2023 fuel-related costs of \$710,224,788, for a total of (\$468,961,606).

²⁶Order No. PSC-2023-0026-FOF-EI.

²⁷Document No. 01366-2023.

Bill Impacts

Table 1-1 below shows the bill impact to a typical residential customer using 1,000 kWh of electricity a month associated with the current and proposed service charges. This table also includes the storm-related cost recovery proposal that, if approved, would begin in April 2023.²⁸ In the discussion directly below Table 1-1, staff discusses the impacts of the proposed MCC on non-residential customers:

**Table 1-1
 Monthly Residential Billing Detail for the First 1,000 kWh**

Invoice Component	Currently-Approved Charges Beginning March 2023 (\$)	Proposed Charges Beginning April 2023 (\$)	Difference (\$)	Difference (%)
Base Charge ²⁹	\$78.82	\$78.82	\$0.00	0.0%
Fuel Charge	59.61	71.27	11.66	19.6%
Capacity Charge	13.28	12.85	(0.43)	(3.2%)
Conservation Charge	3.20	3.20	0.00	0.0%
Environmental Charge	0.22	0.22	0.00	0.0%
Storm Protection Plan Charge	4.14	4.14	0.00	0.0%
Interim Storm Charge ³⁰	0.00	13.14	13.14	100.0%
Asset Securitization Charge	<u>2.03</u>	<u>2.03</u>	0.00	0.0%
Gross Receipts Tax	<u>4.25</u>	<u>4.89</u>	0.64	15.1%
Total	<u>\$165.55</u>	<u>\$190.56</u>	<u>\$25.01</u>	15.1%

Source: MCC Petition, Schedule E-10, and FPSC Division of Economics.

DEF’s current total residential bill for the first 1,000 kWh of electricity usage in March of 2023 is \$165.55. If DEF’s mid-course correction proposal is approved, the current total residential bill for the first 1,000 kWh of electricity usage, beginning April 2023, will be \$190.56. Staff notes this amount includes the proposed interim storm charge as filed in Docket No. 20230020-EI. This represents an increase of 15.1 percent. For non-residential customers, DEF reported that based on average levels of usage and specific rate schedules, bill increases for small- and medium-size commercial customers would be 15.0 percent and 15.5 percent, respectively, bill increases for large-size commercial customers would be 16.6 percent, and 17.7 percent for industrial customers.³¹ DEF’s proposed tariff sheet No. 6.105 is shown on Appendix A to this recommendation.

²⁸Document No. 00418-2023.

²⁹DEF’s 2023 base rates for December 2022 – February 2023 is \$89.39; for March 2023 – November 2023 is \$78.82. The weighted average is equal to: $((\$89.39 * 3) + (78.82 * 9)) / 12 = \81.46 .

³⁰Subject to Commission approval in Docket No. 20230020-EI.

³¹Document No. 01394-2023.

Optional Recovery

Staff investigated the effect on monthly bills of lengthening the proposed recovery period from 12 to 21 months. For recovery purposes, the total base/unrecovered 2022 fuel cost to collect is the same under the 21-month scenario; however, the impact can be characterized as a lower monthly fuel charge for a longer period of time/greater number of months. However, this optional recovery would result in increased carrying charges.

Table 1-2 below shows the bill impact to a typical residential customer using 1,000 kWh of electricity a month associated with the optional recovery scenario described in this section of the recommendation.

**Table 1-2
 Optional Monthly Residential Billing Detail for the First 1,000 kWh**

Invoice Component	Currently-Approved Charges Beginning March 2023 (\$)	Optional Charges Beginning April 2023 (\$)	Difference (\$)	Difference (%)
Base Charge ³²	\$78.82	\$78.82	\$0.00	0.0%
Fuel Charge	59.61	53.02	(6.59)	(11.1%)
Capacity Charge	13.28	12.85	(0.43)	(3.2%)
Conservation Charge	3.20	3.20	0.00	0.0%
Environmental Charge	0.22	0.22	0.00	0.0%
Storm Protection Plan Charge	4.14	4.14	0.00	0.0%
Interim Storm Charge ³³	0.00	13.14	13.14	100.0%
Asset Securitization Charge	<u>2.03</u>	<u>2.03</u>	0.00	0.0%
Gross Receipts Tax	<u>4.25</u>	<u>4.41</u>	0.16	3.8%
Total	<u>\$165.55</u>	<u>\$171.83</u>	<u>\$6.28</u>	3.8%

Source: Document No. 01387-2023, Schedule E-10.

DEF’s proposed fuel charge increase results in a “first-tier residential” fuel charge, (i.e., residential charge for the first 1,000 kWh of energy sales) of 7.127 cents per kWh. This factor produces a corresponding monthly fuel charge of \$71.27. With respect to the optional recovery scenario, the first-tier residential factor would be 5.302 cents per kWh.³⁴ This would result in a fuel charge of \$53.02 for the first 1,000 kWh of energy usage. The estimated decrease in the monthly first-tier residential fuel charge (1,000 kWh) under this scenario is approximately (\$6.59), or a (11.1) percent decrease from the currently-approved level, going from \$59.61 to

³²DEF’s 2023 base rates for December 2022 – February 2023 is \$89.39; for March 2023 – November 2023 is \$78.82. The weighted average is equal to: $((\$89.39 * 3) + (78.82 * 9)) / 12 = \81.46 .

³³Subject to Commission approval in Docket No. 20230020-EI.

³⁴Document No. 01387-2023.

Date: March 2, 2023

\$53.02. The difference in total bill amount (first-tier residential - 1,000 kWh), which encompasses all proposed changes beginning in April 2023, is from \$190.56 to \$171.83, or a reduction of (9.8) percent if the fuel cost under-recovery is spread over 21 months, rather than the proposed 12 months. The proposed capacity cost recovery reduction would be unaffected by the optional recovery scenario.

For non-residential customers, based on average levels of usage and specific rate schedules, bill increases for small- and medium-size commercial customers would be 3.9 percent and 2.0 percent, respectively, bill increases for large-size commercial customers would be 2.3 percent, and (2.5) percent for industrial customers.³⁵ The hypothetical tariff associated with the optional recovery scenario was provided in the amended response to Staff's Third Data Request (Response No. 3).³⁶ However, the tariff was not included as an attachment to this recommendation.

Summary

DEF's MCC Petition indicates a need for its fuel cost recovery factors to be revised. Thus, DEF's current fuel cost recovery factors should be adjusted by \$468,961,606 to incorporate its currently-projected 2023 end-of-year fuel cost under-recovery. Additionally, DEF's currently-approved capacity cost recovery factors should be amended to incorporate a refund of (\$11,668,131). The revised fuel and capacity cost recovery factors associated with staff's recommendations are shown on Appendix A.

Conclusion

Staff recommends that the Commission approve DEF's proposed adjustments to its currently-approved fuel cost recovery factors to incorporate the currently-projected 2023 end-of-year fuel cost under-recovery in the amount of \$468,961,606. Further, staff recommends that the Commission approve adjustments to DEF's currently-approved capacity cost recovery factors to incorporate a refund of (\$11,668,131) related to the tax savings associated with the IRA of 2022.

³⁵Document No. 01394-2023.

³⁶*Id.*

Date: March 2, 2023

Issue 2: If approved by the Commission, what is the appropriate effective date for DEF's revised fuel and capacity cost recovery factors?

Recommendation: The fuel and capacity cost recovery factors, as shown on sheet No. 6.105 in Appendix A, should become effective with the first billing cycle of April 2023. (Hampson, Brownless, Sandy)

Staff Analysis: Over the last 20 years in the Fuel Clause docket, the Commission has considered the effective date of rates and charges of revised fuel cost recovery factors on a case-by-case basis. The Commission has approved fuel cost recovery factor rate decreases effective sooner than the next full billing cycle after the date of the Commission's vote with the range between the vote and the effective date being from 25 to 2 days. The rationale for that action being that it was in the customers' best interests to implement the lower rate as soon as possible.³⁷

With regard to fuel cost recovery factor rate increases, the Commission has approved an effective date of the revised factors ranging from 14 to 29 days after the vote.³⁸ The Commission noted that typically the utility had given its customers 30 days' written notice before the date of the vote that a fuel cost recovery factor increase had been requested and provided the proposed effective date of the higher fuel factors.

In its MCC Petition, DEF proposes to collect the actual 2022 under-recovery of fuel costs over 12 months, beginning with the first billing cycle of April 2023. The capacity cost reduction (2022 tax reduction) will occur over 9 months, or from April through December, 2023. In the

³⁷Order No. PSC-08-0825-PCO-EI, issued December 22, 2008, in Docket No. 080001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-09-0254-PCO-EI, issued April 27, 2009, in Docket No. 090001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-11-0581-PCO-EI, issued on December 19, 2011, in Docket No. 110001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-12-0342-PCO-EI, issued July 2, 2012, in Docket No. 120001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2012-0082-PCO-EI, issued February 24, 2012, in Docket No. 120001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-15-0161-PCO-EI, issued April 30, 2015, in Docket No. 150001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2018-0313-PCO-EI, issued June 18, 2018, in Docket No. 20180001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order PSC-2020-0154-PCO-EI, issued May 14, 2020, in Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

³⁸Order No. PSC-03-0381-PCO-EI, issued March 19, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0382-PCO-EI, issued March 19, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0400, issued March 24, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0849-PCO-EI, issued July 22, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-09-0213-PCO-EI, issued April 9, 2009, in Docket No. 090001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2019-0109-PCO-EI, issued March 22, 2019, in Docket No. 20190001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

instant case, there are 25 days between the Commission's vote on March 7th and the beginning of DEF's April 2023 billing cycle (April 1st).³⁹

Concerning customer advisement of the instant request, DEF states that it will notify its customers of the proposed rate changes through bill inserts included with its March 2023 invoices. Additionally, on January 23, 2023, the same day DEF filed its original petition for mid-course correction, the Company posted a "press release" to its website, while also issuing the information to various media outlets describing the proposal.⁴⁰ An additional email will also be sent to large-account customers.

Conclusion

Staff recommends that the fuel and capacity cost recovery factors, as shown on sheet No. 6.105 in Appendix A, become effective with the first billing cycle of April 2023.

³⁹Document No. 00864-2023.

⁴⁰*Id.*

Issue 3: Should this docket be closed?

Recommendation: No. The 20230001-EI docket is an on-going proceeding and should remain open. (Brownless, Sandy)

Staff Analysis: The fuel docket is an on-going proceeding and should remain open.



SECTION NO. VI
 ONE HUNDRED ~~AND FIRST~~TH REVISED SHEET NO. 6.105
 CANCELS ~~NINETY NINE HUNDRED~~TH REVISED SHEET NO. 6.105

**RATE SCHEDULE BA-1
 BILLING ADJUSTMENTS**

Applicable:

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS									
Rate Schedule/Metering Level	ECCR ⁽²⁾		CCR ⁽³⁾		ECRC ⁽⁴⁾	ASC ⁽⁵⁾	SPPCRC ⁽⁶⁾		SCRS ⁽⁷⁾
	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2 (Sec.) < 1000 > 1000	0.320	-	4,228 85	-	0.022	0.199	0.414	-	-1,314
GS-1, GST-1									
Secondary	0.288	-	4,473 38	-	0.021	0.175	0.401	-	-1,312
Primary	0.285	-	4,484 27	-	0.021	0.173	0.397	-	-1,299
Transmission	0.282	-	4,459 15	-	0.021	0.172	0.393	-	-1,286
GS-2 (Sec.)	0.217	-	0,220 85	-	0.018	0.124	0.188	-	-0,582
GSD-1, GSDT-1, SS-1*									
Secondary	-	0.85	-	2,273 26	0.020	0.151	-	1.05	-0,941
Primary	-	0.84	-	2,243 23	0.020	0.149	-	1.01	-0,932
Transmission	-	0.83	-	2,263 19	0.020	0.148	-	0.19	-0,922
CS-2, CST-2, CS-3, CST-3, SS-3*									
Secondary	-	0.46	-	4,671 61	0.016	0.097	-	0.98	-1,611
Primary	-	0.46	-	4,661 59	0.016	0.096	-	0.97	-1,595
Transmission	-	0.45	-	4,641 58	0.016	0.095	-	0.96	-1,579
IS-2, IST-2, SS-2*									
Secondary	-	0.70	-	2,662 60	0.018	0.124	-	0.80	-0,421
Primary	-	0.69	-	2,662 57	0.018	0.123	-	0.59	-0,417
Transmission	-	0.69	-	2,642 55	0.018	0.122	-	0.14	-0,413
LS-1 (Sec.)	0.116	-	0,244 30	-	0.014	0.050	0.306	-	-1,166
*SS-1, SS-2, SS-3									
Monthly									
Secondary	-	0.082	-	0,226 14	-	-	-	0.094	-
Primary	-	0.081	-	0,220 11	-	-	-	0.093	-
Transmission	-	0.080	-	0,240 08	-	-	-	0.092	-
Daily									
Secondary	-	0.039	-	0,456 50	-	-	-	0.045	-
Primary	-	0.039	-	0,450 48	-	-	-	0.045	-
Transmission	-	0.038	-	0,450 47	-	-	-	0.044	-
GSLM-1, GSLM-2	See appropriate General Service rate schedule								

Fuel Cost Recovery ⁽¹⁾					
Rate Schedule/Metering Level	Levelized	On-Peak	Off-Peak	Super-Off-Peak	
	¢/ kWh	¢/ kWh	¢/ kWh	¢/ kWh	
RS-1 Only	< 1,000	5,064 127	N/A	N/A	N/A
RS-1 Only	> 1,000	2,024 197	N/A	N/A	N/A
LS-1 Only	Secondary	5,866 978	N/A	N/A	N/A
All Other Rate Schedules	Secondary	2,286 455	2,660 155	2,204 500	4,674 561

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL

EFFECTIVE: ~~March 4, 2023~~ April 1, 2023



SECTION NO. VI
ONE HUNDRED ~~AND FIRST~~TH REVISED SHEET NO. 6.105
CANCELS ~~NINETY NINE HUNDRED~~TH REVISED SHEET NO. 6.105

All Other Rate Schedules	Primary	8,397,380	7,8179,063	8,347,424	4,8375,505	Page 2 of 3
All Other Rate Schedules	Transmission	8,147,306	7,5449,972	8,4767,350	4,5845,450	

(Continued on Page No. 2)

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL

EFFECTIVE: ~~March 1, 2023~~ April 1, 2023



SECTION NO. VI
THIRTY-~~THIRD-FOURTH~~ REVISED SHEET NO. 6.106
CANCELS THIRTY-~~SECOND-THIRD~~ REVISED SHEET NO. 6.106

Page 2 of 3

**RATE SCHEDULE BA-1
BILLING ADJUSTMENTS**
(Continued from Page 1)

(1) Fuel Cost Recovery Factor:

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

(2) Energy Conservation Cost Recovery Factor:

The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the monthly max demand only.

(3) Capacity Cost Recovery Factor:

The Capacity Cost Recovery (CCR) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the monthly max demand only.

(4) Environmental Cost Recovery Clause Factor:

The Environmental Cost Recovery Clause (ECRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover environmental compliance costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.

(5) Asset Securitization Charge Factor:

The Asset Securitization Charge (ASC) Factors applicable to the Energy Charge under the Company's various rate schedules represent a Nuclear Asset-Recovery Charge approved in a financing order issued to the Company by the Florida Public Service Commission and are adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of nuclear asset-recovery bonds from the effective date of the ASC until the nuclear asset-recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity (SPE) has been created and is the owner of all rights to the Nuclear Asset-Recovery Charge. The Company shall act as the SPE's collection agent or servicer for the Nuclear Asset-Recovery Charge. The Nuclear Asset-Recovery Charge shall be paid by all existing or future customers receiving transmission or distribution service from the Company or its successors or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this state.

(6) Storm Protection Plan Cost Recovery Clause Factor:

The Storm Protection Plan Cost Recovery Clause (SPPCRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover storm protection plan costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the SPPCRC charge will be included in the monthly max demand only.

(7) Storm Cost Recovery Surcharge Factor:

In accordance with a Florida Public Service Commission ruling, the Storm Cost Recovery Surcharge (SCRS) factor is applicable to the Energy Charge under the Company's various rate schedules for the billing months of ~~August 2021 through July 2022~~ April 2023 through March 2024. This surcharge is designed to recover storm-related restoration costs, replenishment of the storm reserve, and interest incurred by the Company related to Hurricanes ~~Eta and Isaias in 2020~~ Elsa, Eta, Ian, Isaias, Nicole, and Tropical Storm Fred.

Gross Receipts Tax Factor:

In accordance with Section 203.01(1)(a)1 of the Florida Statutes, a factor of 2.5641% is applicable to electric sales charges for collection of the state Gross Receipts Tax.

Regulatory Assessment Fee Factor:

In accordance with Section 350.113 of the Florida Statutes and Rule 25-8.0131, F.A.C., a factor of 0.072% is applicable to gross operating sales charges for collection of the Regulatory Assessment Fee.

(Continued on Page No. 3)

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL

EFFECTIVE: ~~January 4, 2023~~ April 1, 2023