

**BEFORE THE PUBLIC SERVICE COMMISSION**

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 20240001-EI  
DATED: October 7, 2024

**DUKE ENERGY FLORIDA, LLC'S  
PREHEARING STATEMENT**

Pursuant to the Order Establishing Procedure No. PSC-2024-0027-PCO-EI and First Order Modifying Order Establishing Procedure No. PSC-2024-0211-PCO-EI (the “OEP”), Duke Energy Florida, LLC (“DEF”), hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January 2025 through December 2025:

1. **Known Witnesses** - DEF intends to offer the testimony of:

<b>Witness</b>	<b>Direct Subject Matter</b>	<b>Issues#</b>
Gary P. Dean	Fuel Cost Recovery True-Up (2023); Capacity Cost Recovery True-Up (2023); Actual / Estimated and Projection Schedules; Other Matters	1B-1C, 5-10, 16-20, 21A, and 24-32
Adam R. Bingham	Calculation of GPIF Reward for (2023); GPIF Targets/Ranges (2025)	14 and 15
James (“Jim”) McClay	Risk Management Plan	1A

2. **Known Exhibits** - DEF intends to offer the following exhibits:

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit #</b>	<b>Description</b>	<b>Issue #</b>
Gary Dean	DEF	(GPD-1T)	Fuel Cost Recovery True-Up (Jan – Dec. 2023)	7

Gary Dean	DEF	(GPD-2T)	Capacity Cost Recovery True-Up (Jan – Dec. 2023)	24
Gary Dean	DEF	(GPD-3T)	Schedules A1 through A3, A6 and A12 for Dec 2023	
Gary Dean	DEF	(GPD-4T)	2023 Capital Structure and Cost Rates Applied to Capital Projects	
Gary Dean	DEF	(GPD-5T)	Annual Clean Energy Impact Program report	
Gary Dean	DEF	(GPD-2)	Actual/Estimated True-up Schedules for period January – December 2024	5, 8, 9, 25
Gary Dean	DEF	(GPD-3)	Projection Factors for January - December 2025	1B, 1C, 9, 10, 16, 18, 19, 20, 21A, 26, 27, 28, 29, 30, 31, 32
Adam R. Bingham	DEF	(ARB-1T)	Calculation of GPIF Reward for January - December 2023	14
Adam R. Bingham	DEF	(ARB-1P)	GPIF Targets/Ranges Schedules for January – December 2025	15
James (“Jim”) McClay	DEF	(JM-1P)	Hedging Testimony <b>CONFIDENTIAL</b> 2025 Risk Management Plan <b>CONFIDENTIAL</b>	1A

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

3. **Statement of Basic Position** - Not applicable. DEF’s positions on specific issues are listed below.

4. **Statement of Facts**

## FUEL ISSUES

### COMPANY SPECIFIC FUEL ADJUSTMENT ISSUES

#### Duke Energy Florida, LLC

**ISSUE 1A:** Should the Commission approve DEF's 2025 Risk Management Plan?

**DEF:** Yes. (McClay)

**ISSUE 1B:** What is the appropriate subscription bill credit associated with DEF's Clean Energy Connection Program, approved by Order No. PSC-2024-0027-PCO-EI, PSC-2021-0059-S-EI, to be included for recovery in 2025?

**DEF:** \$70,932,763. (Dean)

**ISSUE 1C:** What is the appropriate Clean Energy Impact (CEI) credit, approved by Order No PSC 2023—0191-TRF-EI, to be included in the fuel clause in 2025?

**DEF:** \$(248,300) (Dean)

#### Florida Power and Light

**ISSUE 2A:** What was the total gain under FPL's Incentive Mechanism approved by Order No. PSC-0027-PCO-EI, PSC-2021-0446-A-S-EI that FPL may recover for the period January 2023 through December 2023, and how should that gain to be shared between FPL and customers?

**DEF:** No position.

**ISSUE 2B:** What is the appropriate amount of Incremental Optimization Costs under FPL's Incentive Mechanism approved by Order No. PSC-2024-00027-PCO-EI, PSC-2021-0446-AS-EI that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2023 through December 2023?

**DEF:** 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-0027-PCO-EI, PSC-2021-0446-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2023 through December 2023?

**DEF:** 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-2024-0027-PCO-EI, PSC-2021-0446-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2023 through December 2023?

**DEF:** No position.

**ISSUE 2E:** What is the appropriate subscription credit associated with FPL’s SolarTogether Program approved by Order No. PSC-2024-0027-PCO-EI, PSC-2020-0084-S-EI, to be included for recovery in 2025?

**DEF:** No position.

**ISSUE 2F:** Should the Commission approve FPL’s 2025 Risk Management Plan?

**DEF:** No position.

**ISSUE 2G:** Are the 2025 SoBRA units proposed by FPL cost effective?

**DEF:** No position.

**ISSUE 2H:** What are the revenue requirements associated with the 2025 SoBRA Project

**DEF:** No position.

**ISSUE 2I:** What is the appropriate base rate percentage increase for the 2025 SoBRA Project to be effective when all 2025 units are in service?

**DEF:** No position.

**ISSUE 2J:** Should the Commission approve revised tariffs for FPL reflecting the base rate percentage increases for the 2025 SoBRA Project determined to be appropriate in this proceeding?

**DEF:** No position.

**ISSUE 2K:** Were FPL’s actions related to the forced outage event(s) that occurred at St. Lucie Nuclear Unit No. 1 in July 2024 prudent? If not, what actions should the Commission take?

**DEF:** No position.

**ISSUE 2L:** How much replacement power cost did FPL incur due to the forced outage event(s) that occurred at St. Lucie Nuclear Unit No. 1 in July 2024?

**DEF:** No position.

**ISSUE 2M:** Were FPL’s actions related to the forced outage event(s) that occurred at St. Lucie Nuclear Unit No. 2 in May/June 2024 prudent? If not, what actions should the Commission take?

**DEF:** No position.

**ISSUE 2N:** How much replacement power cost did FPL incur due to the forced outage event(s) that occurred at St. Lucie Nuclear Unit No. 2 in July 2024?

**DEF:** 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.

### **Tampa Electric Company**

**ISSUE 4A:** What was the total gain under TECO’s Optimization Mechanism approved by Order No. PSC-202409927-PCO-EI, PSC-2017-0423-S-EI that TECO may recover for the period January 2023 through December 2023, and how should that gain to be shared between TECO and its customers?

**DEF:** No position.

**ISSUE 4B:** Should the Commission approve TECO’s 2025 Risk Management Plan?

**DEF:** No position.

## **GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 5:** What are the appropriate actual benchmark levels for calendar year 2024 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**DEF:** \$3,806,475. (Dean)

**ISSUE 6:** What are the appropriate estimated benchmark levels for calendar year 2025 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**DEF:** The benchmark for gains on non-separate wholesale energy sales is not applicable for wholesale energy sales performed in 2025. On August 21, 2024, the Commission approved DEF's 2024 Settlement Agreement. Effective January 2025, this settlement provides for DEF to implement an Asset Optimization Mechanism ("AOM"), and as a result the current sharing mechanism will not be applicable in 2025. (Dean)

**ISSUE 7:** What are the appropriate final fuel adjustment true-up amounts for the period January 2023 through December 2023?

**DEF:** \$19,202,150 under-recovery. (Dean)

**ISSUE 8:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2024 through December 2024?

**DEF:** \$163,946,191 over-recovery. (Dean)

**ISSUE 9:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2025 through December 2025?

**DEF:** \$8,537,789 over-recovery, calculated as follows.

2023 Actual TU Ending Balance Under-Recovery	(\$574,091,902)
Plus:	
Previous Under-Recovery Approved in 2024 Rates	\$554,889,752
Less: Approved 2024 Midcourse Over-Recovery in Rates (\$233,496,431 / 12 months x 7 months)	<u>\$136,206,252</u>
	\$418,683,500
Plus: AE Estimated Over-Recovery for 2024 Period	<u>\$163,946,191</u>
	<u>\$ 8,537,789</u>

(Dean)

**ISSUE 10:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2025 through December 2025?

**DEF:** \$1,535,664,540 which is adjusted for line losses and excludes prior period true-up, GPIF, CEC Bill Credits and the CEI. (Dean)

**COMPANY-SPECIFIC GENERATING PERFORMANCE  
INCENTIVE FACTOR ISSUES**

**Duke Energy Florida, LLC**

No company-specific GPIF issues for Duke Energy Florida, LLC 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, Co.**

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.

**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 GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**ISSUE 14:** What is the appropriate GPIF reward or penalty for performance achieved during the period January 2023 through December 2023 for each investor-owned electric utility subject to the GPIF?

**DEF:** \$1,603,057 reward. (Bingham)

**ISSUE 15:** What should the GPIF targets/ranges be for the period January 2025 through December 2025 for each investor-owned electric utility subject to the GPIF?

**DEF:** The appropriate targets and ranges are shown on Page 4 of Exhibit ARB-1P filed on September 5, 2024 with the Direct Testimony of Adam Ross Bingham. (Bingham)

**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 2025 through December 2025?

**DEF:** \$1,599,414,275. (Dean)

**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 2025 through December 2025?

**DEF:** Pursuant to the 2021 Settlement approved in Order No. PSC-2021-0202-AS-EI, DEF removed the Regulatory Assessment Fee beginning with its 2022 Projection Filing and includes it with the Gross Receipts Tax on customer bills. (Dean)

**ISSUE 18:** What are the appropriate levelized fuel cost recovery factors for the period January 2025 through December 2025?

**DEF:** 3.918 cents/kWh (adjusted for jurisdictional losses). (Dean)

**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?

**DEF:**

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
A	Transmission	0.9800
B	Distribution Primary	0.9900
C	Distribution Secondary	1.0000
D	Lighting Service	1.0000

(Dean)

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

**DEF:**

Fuel Cost Factors (cents/kWh)							
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use		
					On-Peak	Off-Peak	Discount
A	Transmission			3.847	4.374	3.828	3.497
B	Distribution Primary			3.886	4.418	3.867	3.532
C	Distribution Secondary	3.630	4.700	3.925	4.463	3.905	3.568
D	Lighting Secondary			3.829			

(Dean)



## **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 for 2025?

**DEF:** \$11,525,180. (Dean)

#### **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.

#### **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 shall 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 2023 through December 2023?

**DEF:** \$8,431,790 under-recovery. (Dean)

**ISSUE 25:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2024 through December 2024?

**DEF:** \$1,632,844 over-recovery. (Dean)

**ISSUE 26:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2025 through December 2025?

**DEF:** \$6,798,946 under-recovery. (Dean)

**ISSUE 27:** What are the appropriate projected total capacity cost recovery amounts for the period January 2025 through December 2025?

**DEF:** \$127,743,993. (Dean)

**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 2025 through December 2025?

**DEF:** \$146,068,118. (Dean)

**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 2025 through December 2025?

**DEF:** Base – 100.000%, Intermediate – 95.212%, Peaking – 97.632%, consistent with the 2024 Settlement in Docket No. 20240025 - Petition for Rate Increase by Duke Energy Florida, LLC - Joint Motion for Approval of Settlement Agreement filed 7/15/24 and approved by the Commission on 8/21/24.

**ISSUE 30:** What are the appropriate capacity cost recovery factors for the period January 2025 through December 2025?

**DEF:**

Rate Class	Jan-Dec 2025 CCR Factor
Residential	0.410 cents/kWh
General Service Non-Demand	0.357 cents/kWh
@ Primary Voltage	0.353 cents/kWh
@ Transmission Voltage	0.350 cents/kWh
General Service 100% Load Factor	0.252 cents/kWh
General Service Demand	1.07 \$/kW-month
@ Primary Voltage	1.06 \$/kW-month
@ Transmission Voltage	1.05 \$/kW-month
Curtable	0.72 \$/kW-month
@ Primary Voltage	0.71 \$/kW-month
@ Transmission Voltage	0.71 \$/kW-month
Interruptible	0.88 \$/kW-month
@ Primary Voltage	0.87 \$/kW-month
@ Transmission Voltage	0.86 \$/kW-month
Standby Monthly	0.103 \$/kW-month
@ Primary Voltage	0.102 \$/kW-month
@ Transmission Voltage	0.101 \$/kW-month
Standby Daily	0.049 \$/kW-month
@ Primary Voltage	0.049 \$/kW-month

@ Transmission Voltage	0.048 \$/kW-month
Lighting	0.107 cents/kWh

(Dean)

### **III. EFFECTIVE DATE**

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

**DEF:** The new factors should be effective beginning with the first billing cycle for January 2025 through the last billing cycle for December 2025. The first billing cycle may start before January 1, 2025, and the last billing cycle may end after December 31, 2025, so long as each customer is billed for twelve months regardless of when the factors became effective. (Dean)

**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?

**DEF:** 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 decision. (Dean)

### **MISCELLANEOUS ISSUES**

**ISSUE 33:** Should this docket be closed?

**DEF:** No, docket to remain open because it is a continuing docket. (Dean)

### **CONTESTED ISSUES**

No contested issues have been identified in this proceeding; to the extent any such issues are identified between the filing of this prehearing statement and the prehearing conference, DEF reserves the right to supply a position at a later date.

5. **Pending Motions** - None at this time.

6. **Requests for Confidentiality**

DEF has the following pending requests for confidential classification:

- October 9, 2023-DEF's Second Request for Confidential Classification regarding transcripts of DOAH conducted on 02/04/20-02/05/20 re Exhs 101-113,115 and 117, docket 20200001(DN 05721-2023 x-ref 00962-2020).
  - August 16, 2023-DEF's First Request for Extension of Confidential Classification regarding DEF's Response to Staff's DR1, Q11, docket 20210001(DN 04801-2023 x-ref 08455-2021).
  - July 26, 2024-DEF's Request for Confidential Classification regarding direct testimony of James McClay and DEF's 2025 Risk Management Plan including attachments A, B, C, D, E, F, and G (DN 07864-2024).
7. **Objections to Qualifications** - DEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.
8. **Sequestration of Witnesses** - DEF has not identified any witnesses for sequestration at this time.
9. **Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure of which it will be unable to comply.

RESPECTFULLY SUBMITTED this 7<sup>th</sup> day of October, 2024.

/s/Stephanie A Cuello

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**CERTIFICATE OF SERVICE**  
Docket No. 20240001-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via email this 7<sup>th</sup> day of October, 2024 to all parties of record as indicated below.

/s/Stephanie A. Cuello  
Attorney

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