

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

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Docket No. 160001-EI  
Filed: October 4, 2016

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S  
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-16-0109-PCO-EI, files its Prehearing Statement.

**A. APPEARANCES:**

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**B. WITNESSES AND EXHIBITS:**

FIPUG reserves the right to call witnesses listed by other parties in this docket.

**C. STATEMENT OF BASIC POSITION:**

Only costs legally authorized should be recovered through the fuel clause. FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies or other relief sought in this proceeding.

**D. STATEMENT OF ISSUES AND POSITIONS:**

**I. FUEL ISSUES**

**HEDGING ISSUES**

**ISSUE 1A:** Is it in the consumers' best interest for the utilities to continue natural gas financial hedging activities?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 1B:** What changes, if any, should be made to the manner in which electric utilities conduct their natural gas financial hedging activities?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

## **COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

### **Duke Energy Florida, Inc.**

**ISSUE 2A:** Should the Commission approve as prudent DEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in DEF's April 2016 and August 2016 hedging reports?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 2B:** What action should Commission take regarding DEF's 2017 Risk Management Plan?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 2C:** Has DEF made appropriate adjustments, if any are needed, to account for replacement costs associated with the May 2016 forced outage at the Hines plant? If appropriate adjustments are needed and have not been made, what adjustment(s) should be made?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

### **Florida Power & Light Company**

**ISSUE 3A:** Should the Commission approve as prudent FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in FPL's April 2016 and August 2016 hedging reports?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3B:** What action should Commission take regarding FPL's 2017 Risk Management Plan?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3C:** What is the total gain in 2015 under the Incentive Mechanism approved in Order No. PSC-13-0023-S-EI, and how is that gain to be shared between FPL and customers?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3D:** What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2015 through December 2015?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3E:** What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2015 through December 2015?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3F:** What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2016 through December 2016?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3G:** What is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2016 through December 2016?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3H:** If the Commission approves FPL's petition to continue the Incentive Mechanism with modifications in Docket No. 160088-EI, what is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3I:** If the Commission approves FPL's petition to continue the Incentive Mechanism with modifications in Docket No. 160088-EI, what is the appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales for the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3J:** Is \$1,890,528 the appropriate refund amount associated with the Cape Canaveral Energy Center (CCEC) GBRA true-up?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 3K:** What amount should be refunded to customers in the Fuel Clause as a result of the Florida Supreme Court's decision on the Woodford gas reserves project?

### **Florida Public Utilities Company**

No company-specific issues for Florida Public Utilities Company have been identified at this time. If such issues are identified, they shall be numbered 4A, 4B, 4C, and so forth, as appropriate.

### **Gulf Power Company**

**ISSUE 5A:** Should the Commission approve as prudent Gulf's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Gulf's April 2016 and August 2016 hedging reports?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 5B:** What action should Commission take regarding Gulf's 2017 Risk Management Plan?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

### **Tampa Electric Company**

**ISSUE 6A:** Should the Commission approve as prudent TECO's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in TECO's April 2016 and August 2016 hedging reports?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 6B:** What action should Commission take regarding TECO's 2017 Risk Management Plan?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

## **GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 7:** What are the appropriate actual benchmark levels for calendar year 2016 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 8:** What are the appropriate estimated benchmark levels for calendar year 2017 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 9:** What are the appropriate final fuel adjustment true-up amounts for the period January 2015 through December 2015?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 10:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2016 through December 2016?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 11:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2017 to December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 12:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

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

### **Duke Energy Florida, Inc.**

No company-specific issues for Duke Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 13A, 13B, 13C, and so forth, as appropriate.

### **Florida Power & Light Company**

No company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 14A, 14B, 14C, and so forth, as appropriate.

## **Gulf Power Company**

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 15A, 15B, 15C, and so forth, as appropriate.

## **Tampa Electric Company**

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 16A, 16B, 16C, and so forth, as appropriate.

## **GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

**ISSUE 17:** What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2015 through December 2015 for each investor-owned electric utility subject to the GPIF?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 18:** What should the GPIF targets/ranges be for the period January 2017 through December 2017 for each investor-owned electric utility subject to the GPIF?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

## **FUEL FACTOR CALCULATION ISSUES**

**ISSUE 19:** 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 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 20:** 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 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 21:** What are the appropriate levelized fuel cost recovery factors for the period January 2017 through December 2017?

**ISSUE 22:** 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?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 23:** What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

## **II. CAPACITY ISSUES**

### **COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES**

#### **Duke Energy Florida, Inc.**

**ISSUE 24A:** Has DEF included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 160009-EI?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 24B:** What is the appropriate amount of costs for the Dry Cask Storage Facility that DEF should be allowed to recover through the Capacity Cost Recovery Clause pursuant to the 3rd Amendment to the RRSSA?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

#### **Florida Power & Light Company**

**ISSUE 25:** If the Commission does not approve recovery of the WCEC-3 revenue requirement through base rates in Docket No. 160021-EI, what are the appropriate 2017 projected non-fuel revenue requirements for West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

#### **Gulf Power Company**

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 26A, 26B, 26C, and so forth, as appropriate.

#### **Tampa Electric Company**

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 27A, 27B, 27C, and so forth, as appropriate.

## **GENERIC CAPACITY COST RECOVERY FACTOR ISSUES**

**ISSUE 28:** What are the appropriate final capacity cost recovery true-up amounts for the period January 2015 through December 2015?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 29:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2016 through December 2016?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 30:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 31:** What are the appropriate projected total capacity cost recovery amounts for the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 32:** What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 33:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 34:** What are the appropriate capacity cost recovery factors for the period January 2017 through December 2017?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

### **III. EFFECTIVE DATE**

**ISSUE 35:** What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.



**ISSUE 36:** Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 37:** Should this docket be closed?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

### **CONTESTED ISSUES**

#### **FIPUG**

**ISSUE 1C:** What were the financial results for each IOUs natural gas hedging activities for 2015?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

**ISSUE 1D:** What were the financial results for each IOUs natural gas hedging activities for 2016 as of July 31, 2016?

**FIPUG:** The petitioner has the burden of proof and must carry its burden.

#### **E. STIPULATED ISSUES:**

None at this time.

#### **F. PENDING MOTIONS:**

None at this time.

#### **G. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:**

None.

#### **H. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:**

FIPUG objects to a witness being considered an expert witness unless the witness affirmatively states the subject matter area(s) in which he or she claims expertise, and voir dire, if requested, is permitted.

**I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:**

There are no requirements of the Order Establishing Procedure with which the Florida Industrial Power Users Group cannot comply at this time.

/s/ Jon. C. Moyle

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**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing response was furnished to the following by Electronic Mail, on this 4th day of October, 2016:

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*/s/ Jon C. Moyle*

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