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October 1, 2019

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

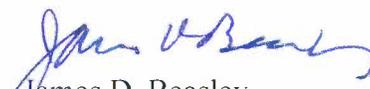
Re: Fuel and Purchased Power Cost Recovery Clause with Generating
Performance Incentive Factor; FPSC Docket No. 20190001-EI

Dear Mr. Teitzman:

Attached for filing in the above docket is Tampa Electric Company's Prehearing Statement.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20190001-EI

FILED: October 1, 2019

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

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On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Penelope A. Rusk (TECO)	Generic Fuel Adjustment Issues Adjustment Factors	6, 7, 8, 9, 10, 11
	Fuel Factor Calculation Issues	18, 19, 20, 21, 22
	Generic Capacity Cost Recovery Factor Issues	27, 28, 29, 30, 31, 32 33
	Effective Date	34, 35
2. Brian S. Buckley (TECO)	Generic Generating Performance Incentive Factor Issues	16
	Fuel Factor Calculation Issues	18

3.	Brent C. Caldwell (TECO)	Company-Specific Fuel Adjustment Issues	5A
4.	Jeremy B. Cain (TECO)	Generic Generating Performance Incentive Factor Issues	17
5.	Benjamin F. Smith (TECO)	Fuel Factor Calculation Issues	18
		Generic Capacity Cost Recovery Factor Issues	31
6.	John C. Heisey (TECO)	Fuel Factor Calculation Issues	5B, 18

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (PAR-1)	Rusk	Final True-up Capacity Cost Recovery January 2018 - December 2018
<u> </u> (PAR-1)	Rusk	Final True-up Fuel Cost Recovery January 2018 – December 2018
<u> </u> (PAR-1)	Rusk	Actual Fuel True-up Compared to Original Estimates January 2018 – December 2018
<u> </u> (PAR-1)	Rusk	Schedules A-1, A-2 and A-6 through A-9 and A-12 January 2018 – December 2018
<u> </u> (PAR-1)	Rusk	Capital Projects Approved for Fuel Clause Recovery January 2018 – December 2018
<u> </u> (PAR-2)	Rusk	Actual/Estimated True-Up Fuel Cost Recovery January 2019 – December 2019
<u> </u> (PAR-2)	Rusk	Actual/Estimated True-Up Capacity Cost Recovery January 2019– December 2019
<u> </u> (PAR-2)	Rusk	Capital Projects Approved for Fuel Clause Recovery January 2019 – December 2019
<u> </u> (PAR-3)	Rusk	Projected Capacity Cost Recovery January 2020 – December 2020

<u> </u> (PAR-3)	Rusk	Projected Fuel Cost Recovery January 2020 – December 2020
<u> </u> (PAR-3)	Rusk	Levelized and Tiered Fuel Rate January 2020– December 2020
<u> </u> (PAR-3)	Rusk	Capital Projects Approved for Fuel Clause Recovery January 2020 – December 2020
<u> </u> (BSB-1)	Buckley	Final True-Up Generating Performance Incentive Factor January 2018 – December 2018
<u> </u> (BSB-1)	Buckley	Actual Unit Performance Data January 2018 – December 2018
<u> </u> (JBC-1)	Caldwell	Final True-Up Hedging Activity Report January 2018 – December 2018
<u> </u> (JC-1)	Cain	Generating Performance Incentive Factor January 2020 – December 2020
<u> </u> (JC-1)	Cain	Summary of Generating Performance Incentive Factor Targets January 2020 – December 2020
<u> </u> (JCH-1)	Heisey	Optimization Mechanism Results January 2018 – December 2018

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 3.012 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 2020; a GPIF reward of \$4,141,330 for performance during 2018 and the company's proposed GPIF targets and ranges for 2020.

E. STATEMENT OF ISSUES AND POSITIONS

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Tampa Electric Company

ISSUE 5A: 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 2019 hedging report?

TECO: Yes. Tampa Electric prudently followed its 2016 Risk Management Plan, Commission Order No. PSC-2016-0547-FOF-EI, and Commission Order No. PSC-2017-0134-PCO-EI in utilizing financial hedges already in place prior to the beginning of the hedging moratorium to mitigate volatility of natural gas prices during the period January 2018 through December 2018. (Witness: Caldwell)

ISSUE 5B: 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 2018 through December 2018, and how should that gain be shared between TECO and customers?

TECO: The total gain for the period January 2018 through December 2018 under the Optimization Mechanism approved by Order No. PSC-2017-0456-S-EI is \$6,367,256. Customers should receive \$5,246,902, and Tampa Electric should receive \$1,120,353. (Witness: Heisey)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What the appropriate actual benchmark levels for calendar year 2019 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 2019. Pursuant to Tampa Electric's amended and restated settlement agreement approved by Order No. PSC-2017-0456-S-EI, the company's Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Witness: Rusk)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2020 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 2020. Pursuant to Tampa Electric's amended and restated settlement agreement approved by Order No. PSC-2017-0456-S-EI, the company's Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Witness: Rusk)

ISSUE 8: What are the appropriate final fuel adjustment true-up amounts for the period January 2018 through December 2018?

TECO: \$43,986,397 under-recovery (Witness: Rusk)

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2019 through December 2019?

TECO: \$13,244,371 over-recovery (Witness: Rusk)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2020 through December 2020?

TECO: \$30,742,026 under-recovery (Witness: Rusk)

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2020 through December 2020?

TECO: The total recoverable fuel and purchased power recovery amount to be collected, adjusted by the jurisdictional separation factor, excluding GPIF and the revenue tax factor, but including the true-up amount and optimization mechanism, is \$582,744,972. (Witness: Rusk)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 16: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2018 through December 2018 for each investor-owned electric utility subject to the GPIF?

TECO: A reward in the amount of \$4,141,330 for January 2018 through December 2018 performance to be applied to the January 2020 through December 2020 period.
(Witness: Buckley)

ISSUE 17: What should the GPIF targets/ranges be for the period January 2020 through December 2020 for each investor-owned electric utility subject to the GPIF?

TECO: The appropriate targets and ranges are shown in Exhibit No. ____ (JC-1) to the prefiled testimony of Mr. Jeremy B. Cain. 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: Cain)

FUEL FACTOR CALCULATION ISSUES

ISSUE 18: 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 2020 through December 2020?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2020 through December 2020, adjusted by the jurisdictional separation factor, is \$550,882,593. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up, optimization mechanism, and GPIF and adjusted for the revenue tax factor, is \$587,305,878. (Witness: Rusk, Heisey, Cain, Smith)

ISSUE 19: 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 2020 through December 2020?

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

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2020 through December 2020?

TECO: The appropriate factor is 3.012 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Rusk)

ISSUE 21: 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: Rusk)

ISSUE 22: 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	3.016
RS Tier I (Up to 1,000 kWh)	2.702
RS Tier II (Over 1,000 kWh)	3.702
Distribution Primary	2.986
Transmission	2.956
Lighting Service	2.989

Distribution Secondary	3.162	(on-peak)
	2.953	(off-peak)
Distribution Primary	3.130	(on-peak)
	2.923	(off-peak)
Transmission	3.099	(on-peak)
	2.894	(off-peak)
(Witness: Rusk)		

II. CAPACITY ISSUES

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 27: What are the appropriate final capacity cost recovery true-up amounts for the period January 2018 through December 2018?

TECO: \$0 (Witness: Rusk)

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2019 through December 2019?

TECO: \$2,179,217 under-recovery. (Witness: Rusk)

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2020 through December 2020?

TECO: \$2,179,217 under-recovery. (Witness: Rusk)

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2020 through December 2020?

TECO: The projected total capacity cost recovery amount for the period January 2020 through December 2020 is (\$560,376). (Witness: Rusk)

ISSUE 31: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2020 through December 2020?

TECO: The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$1,620,007. (Witness: Rusk, Smith)

ISSUE 32: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2020 through December 2020?

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

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2020 through December 2020?

TECO: The appropriate factors for January 2020 through December 2020 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	0.010	
GS and CS Secondary	0.008	
GSD, SBF Standard		
Secondary		0.03
Primary		0.03
Transmission		0.03
GSD Optional		
Secondary	0.007	
Primary	0.007	
Transmission	0.007	
IS, SBI		
Primary		0.03
Transmission		0.03
LS1 Secondary	0.002	

(Witness: Rusk)

III. EFFECTIVE DATE

ISSUE 34: 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 2020 through the last billing cycle for December 2020. The first billing cycle may start before January 1, 2020, and the last cycle may be read after December 31, 2020, 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: Rusk)

ISSUE 35: Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be reasonable in this proceeding?

TECO: Yes. (Witness: Rusk)

IV. MISCELLANEOUS ISSUES

ISSUE 36: Should the Joint Motion to Modify Order No. PSC-2012-0425-PAA-EU Regarding Weighted Average Cost of Capital Methodology be approved?

TECO: Yes. The Joint Motion to Modify Order No. PSC-2012-0425-PAA-EU Regarding Weighted Average Cost of Capital Methodology should be approved because the proposed methodology fully complies with Internal Revenue Service rules and regulations.

ISSUE 37: Should this docket be closed?

TECO: Yes.

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

TECO: Tampa Electric has pending a single request dated September 17, 2019 for confidential treatment of information relating to Audit Workpapers (Audit No. 2019-070-2-2).

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

TECO: None at this time.

J. **OTHER MATTERS**

TECO: None at this time.

DATED this 1st day of October 2019.

Respectfully submitted,



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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 served by electronic mail on this 1st day of October, 2019 to the following:

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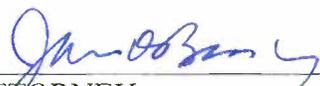
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