



October 1, 2019

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

Re: Docket No. 20190001-EI

Dear Mr. Teitzman:

Attached is the Prehearing Statement of Gulf Power Company to be filed in the above-referenced docket. Pursuant to the Order Establishing Procedure, a copy of this Prehearing Statement prepared using Microsoft Word is being provided to Commission staff and all parties.

Sincerely,

A handwritten signature in blue ink that reads 'C. Shane Boyett'.

C. Shane Boyett
Regulatory, Forecasting and Pricing Manager

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Attachments

cc: Gulf Power Company
Russell Badders, Esq., VP & Associate General Counsel
Beggs & Lane

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clauses and Generating) Docket No. 20190001-EI
Performance Incentive Factor) Date Filed: October 1, 2019

PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company, (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned attorneys, and pursuant to Order No. PSC-2019-0059-PCO-EI issued February 13, 2019, establishing the prehearing procedure in this docket, files this prehearing statement, saying:

A. APPEARANCES

RUSSELL A. BADDERS, Esquire, Vice President & Associate General Counsel of Gulf Power Company, One Energy Place, Pensacola, FL 32520-0100

STEVEN R. GRIFFIN Esquire, of Beggs & Lane, P.O. Box 12950, Pensacola, FL 32591-2950
On behalf of Gulf Power Company.

B. ALL KNOWN WITNESSES

All witnesses known at this time, who may be called by Gulf Power Company, along with the subject matter and issue numbers which will be covered by the witness' testimony, are as follows:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues #</u>
(Direct)		
C. S. Boyett (Gulf)	Fuel Adjustment, true-up and projections; Capacity, true-up and projections	4A, 6-11, 18-22, 27-37
C. L. Nicholson (Gulf)	GPIF reward/penalty and targets and ranges	16, 17

C. ALL KNOWN EXHIBITS

<u>Witness</u>	<u>Proffered by</u>	<u>Exhibit #</u>	<u>Description</u>	<u>Issues #</u>
(Direct)				
Boyett	Gulf Power Company	(CSB-1)	Calculation of Final True-Up January 2018 – December 2018	8, 27
Boyett	Gulf Power Company	(CSB-2)	A-Schedules December 2018	8
Boyett	Gulf Power Company	(CSB-3)	Estimated True-Up January 2019 – December 2019	6, 9, 28
Boyett	Gulf Power Company	(CSB-4)	Estimated PPCC Scherer/Flint Credit Calculation January 2019 – December 2019	9
Boyett	Gulf Power Company	(CSB-5)	Projection January 2020 – December 2020	7, 10, 11, 18-22, 29-33
Boyett	Gulf Power Company	(CSB-6)	Hedging Information Report August 2018 – December 2018	4A
Boyett	Gulf Power Company	(CSB-7)	Hedging Information Report January 2019– July 2019	4A
Nicholson	Gulf Power Company	(CLN-1)	Gulf Power Company GPIF Results January 2018 – December 2018	16
Nicholson	Gulf Power Company	(CLN-2)	Gulf Power Company GPIF Targets and Ranges January 2020 – December 2020	17

D. STATEMENT OF BASIC POSITION

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the fuel and capacity cost recovery factors proposed by the Company present the best estimate of Gulf's fuel and capacity expense for the period January 2020 through December 2020 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

ISSUE 4A: 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 2019 and August 2019 hedging reports?

GULF: Yes. (Boyett)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2019 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

GULF: \$1,092,804. (Boyett)

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?

GULF: \$900,572. (Boyett)

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

GULF: \$4,512,071 over-recovery. (Boyett)

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

GULF: \$5,178,904 under-recovery. (Boyett)

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

GULF: \$666,833 under-recovery. (Boyett)

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

GULF: \$354,335,230, excluding prior period true-up amounts, revenue taxes and GPIF. (Boyett)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

NONE RAISED BY GULF POWER COMPANY

GENERIC GPIF 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?

GULF: \$10,384 reward. (Nicholson)

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?

GULF: See table below: (Nicholson)

	Plant/Unit	EAF			ANOHR		
		Target	Maximum		Target	Maximum	
		EAF (%)	EAF (%)	Savings (\$000's)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000's)
GULF	Crist 7	78.4	80.9	4	10,584	10,266	365
	Daniel 1	70.9	73.8	1	11,404	11,062	64
	Daniel 2	84.7	86.5	3	11,057	10,725	164
	Scherer 3	96.8	97.8	23	10,616	10,298	1211
	Smith 3	89.9	90.8	66	6,900	6,693	3011
	Total			97			4,815

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?

GULF: \$355,268,048 including prior period true-up amounts, revenue taxes and GPIF. (Boyett)

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?

GULF: 1.00072. (Boyett)

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

GULF: 3.244 cents per kWh. (Boyett)

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?

GULF: The appropriate fuel cost recovery line loss multipliers are provided in Gulf Power’s position on Issue 22. (Boyett)

ISSUE 22: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

GULF: See tables below: (Boyett)

Group	Standard Rate Schedules	Line Loss Multipliers	Fuel Cost Factors ¢/kWh
A	RS, RSVP, RSTOU, GS, GSD, GSTOU, OS-III	1.00555	3.262
B	LP	0.99188	3.218
C	PX, RTP	0.97668	3.168
D	OS-I/II	1.00560	3.236

Group	Time-of-Use Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors	
			On-Peak ¢/kWh	Off-Peak ¢/kWh
A	GSDT, SBS	1.00555	3.762	3.059
B	LPT, SBS	0.99188	3.711	3.017
C	PXT, SBS	0.97668	3.654	2.971

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 kW will use the recovery factor applicable to Rate Schedule GSDT; customers with a Contract Demand in the range of 500 to 7,499 kW will use the recovery factor applicable to Rate Schedule LPT; and customers with a Contract Demand over 7,499 kW will use the recovery factor applicable to Rate Schedule PXT.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Gulf Power Company

NONE RAISED BY GULF POWER COMPANY

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?

GULF: \$384,798 over-recovery. (Boyett)

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

GULF: \$622,746 under-recovery. (Boyett)

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?

GULF: \$237,948 under-recovery. (Boyett)

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

GULF: \$83,486,772. (Boyett)

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?

GULF: \$83,785,002 including prior period true-up amounts and revenue taxes. (Boyett)

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?

GULF: 97.23427%. (Boyett)

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

GULF: See table below: (Boyett)

RATE CLASS	CAPACITY COST RECOVERY FACTORS	
	¢/kWh	\$ per kW
RS, RSVP, RSTOU	0.878	
GS	0.893	
GSD, GSDT, GSTOU	0.703	
LP, LPT		2.92
PX, PXT, RTP, SBS	0.598	
OS-I/II	0.121	
OS-III	0.543	

III. EFFECTIVE DATE

ISSUE 34: What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes??

GULF: The new fuel and capacity factors should be effective beginning with the first billing cycle for January 2020 and thereafter through the last billing cycle for December 2020. Billing cycles 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 adjustment factor became effective. (Boyett)

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??

GULF: 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's decision. (Boyett)

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?

GULF: Yes. (Boyett)

ISSUE 37: Should this docket be closed?

GULF: No, this is a continuing docket and should remain open. (Boyett)

F. STIPULATED ISSUES

GULF: Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

G. PENDING MOTIONS

GULF: None.

H. PENDING CONFIDENTIALITY REQUESTS

1. Request for confidentiality filed on July 26, 2019, pertaining to Schedule CCE-4 of CSB-3 to the Direct Testimony of C. Shane Boyett (DN 06042-2019).
2. Request for confidentiality filed on July 31, 2019, pertaining to Form 423 Fuel Report for April through June 2019 (DN 06227-2019).
3. Request for confidentiality filed on August 9, 2019, pertaining to portion of January-July 2019 Hedging Activity Report (DN 07334-2019).
4. Request for confidentiality filed on September, 3,2019, pertaining to Schedule CCE-4 of CSB-5 to the Direct Testimony of C. Shane Boyett (DN 08571-2019).
5. Request for confidentiality filed on September 18, 2019, pertaining to documents produced in connection with a review (ACN 2019-070-1) related to the hedging activities between August 2018 – June 2019 (DN 08857-2019).

I. OTHER MATTERS

GULF: To the best knowledge of counsel, Gulf has complied with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearings set for November 5-7, 2019, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 1st day of October 2019.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Fuel and Purchased Power Cost**)
Recovery Clause with Generating)
Performance Incentive Factor)

Docket No.: **20190001-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 1st day of October, 2019 to the following:

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