

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power
Cost Recovery Clause with
Generating Performance Incentive
Factor

DOCKET NO. 20190001-EI

FILED: October 1 2019

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Orders Establishing Procedure in this docket, Order No. PSC-201-0059-PCO-EI, issued February 13, 2019, submit this Prehearing Statement.

APPEARANCES:

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On behalf of the Citizens of the State of Florida.

1. **WITNESSES:**

The Citizens intend to call the following witnesses, who will address the issues indicated:

Direct

WITNESS	SUBJECT	ISSUES
Richard A. Polich, P.E.	Bartow Plant Outage	1B and 1C

Rebuttal

WITNESS	SUBJECT	ISSUES
Richard A. Polich, P.E.	Rebuttal of DEF Witness Swartz	1B and 1C

2. KNOWN EXHIBITS:

WITNESS	SUBJECT	EXHIBIT #s
Richard A. Polich, P.E.	Bartow Plant Outage	RAP-1, RAP-2, RAP-3, RAP-4, RAP-5, RAP-6, RAP-7 RAP-8, and RAP-9

3. STATEMENT OF BASIC POSITION

The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Interveners provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred.

The OPC specifically contests the recovery of approximately \$16.1 million in replacement power costs resulting from DEF's imprudent actions and decisions in operating the Bartow Combined Cycle Unite steam Generator.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Duke Energy Florida, LLC.

ISSUE 1A: 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 2019 and August 2019 hedging reports?

OPC: No position at this time.

ISSUE 1B: Was DEF prudent in its actions and decisions leading up to and in restoring the unit to service after the February 2017 forced outage at the Bartow plant and, if not, what action should the Commission take with respect to replacement power costs?

OPC: No. DEF was not prudent in its actions and decisions leading up to and restoring the unit to service after the February 2017 forced outage at the Bartow plant, and the Commission should reduce the requested fuel cost recovery by \$11.1 million. This figure represents the replacement power costs incurred during the 2017 forced outage resulting from DEF's imprudent actions or decisions that resulted in the need for replacement power costs. The imprudent actions led to the need to install a pressure plate to allow the steam turbine to return to service without the damaged blades and resulted in a de-rating of the Bartow plant to approximately 380 MW resulting in an additional \$5.01 million in replacement power costs as demonstrated by OPC witness Richard A. Polich. If DEF had been prudent in those actions or decisions, such replacement power costs would not have been necessary. Therefore, those costs should not be recovered from the ratepayers through the fuel cost recover clause

Florida Power & Light Company

ISSUE 2A: What is the appropriate revised SoBRA factor for the 2017 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

OPC: No position at this time.

ISSUE 2B: What is the appropriate revised SoBRA factor for the 2018 projects to reflect actual construction costs that are less than the projected costs used to develop the initial SoBRA factor?

OPC: No position at this time.

ISSUE 2C: What is the appropriate total gain under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL may recover for the period January 2018 through December 2018, and how should that gain to be shared between FPL and customers?

OPC: No position at this time.

ISSUE 2D: What is the appropriate amount of Incremental Optimization Costs under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2018 through December 2018?

OPC: No position at this time.

ISSUE 2E: 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-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2018 through December 2018?

OPC: No position at this time.

ISSUE 2F: 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-2016-0560-AS-EI that FPL should be allowed to recover through the fuel clause for the period January 2018 through December 2018?

OPC: No position at this time.

ISSUE 2G: If the Commission approves the FPL Solar Together Program and Tariff, what is the appropriate total FPL SolarTogether Credit amount to be recovered through the fuel cost recovery clause for the period January 2020 through December 2020?

OPC: No position at this time.

ISSUE 2H: Are the 2020 SoBRA projects (Hibiscus, Okeechobee, Southfork, and Echo River) proposed by FPL cost effective?

OPC: No position at this time.

ISSUE 2I: What are the revenue requirements associated with the 2020 SoBRA projects?

OPC: No position at this time.

ISSUE 2J: What is the appropriate base rate percentage increase to be effective when all of the 2020 SoBRA projects are in service, currently projected to be May 1, 2020?

OPC: No position at this time.

ISSUE 2K: Should the Commission approve revised tariffs for FPL, reflecting the base rate percentage increase for the 2020 SoBRA projects, determined to be reasonable in this proceeding?

OPC: No position at this time.

ISSUE 2L: Has FPL made prudent adjustments, if any are needed, to account for replacement costs associated with the April 2019 forced outage at Saint Lucie Unit 1 generating station? If adjustments are needed and have not been made, what adjustment(s) should be made? (DEFERRED)

OPC: By agreement of the parties this issue has been deferred until next year's docket.

ISSUE 2M: What is the appropriate base rate percentage decrease associated with the true-up of the 2017 SoBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be effective January 1, 2020?

OPC: No position at this time.

ISSUE 2N: Should the Commission approve revised tariffs for FPL to be effective January 1, 2020, reflecting the base rate percentage decrease for the true-up of the 2017 SoBRA projects determined to be reasonable in this proceeding?

OPC: No position at this time.

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.

OPC: No position at this time.

Gulf Power Company

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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

OPC: No position at this time.

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

OPC: No position at this time.

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

OPC: No position at this time.

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

OPC: No position at this time.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

Duke Energy Florida, LLC.

No company-specific GPIF issues for Duke Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 12A, 12B, 12C, and so forth, as appropriate.

Florida Power & Light Company

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 13A, 13B, 13C, and so forth, as appropriate.

Gulf Power Company

No company-specific GPIF issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 14A, 14B, 14C, 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 15A, 15B, 15C, and so forth, as appropriate.

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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

OPC: No position at this time.

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?

OPC: No position at this time.

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

OPC: No position at this time.

II. CAPACITY ISSUES

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Duke Energy Florida, LLC.

ISSUE 23: What amount has DEF included in the capacity cost recovery clause for nuclear cost recovery?

OPC: No position at this time.

Florida Power & Light Company

ISSUE 24A: What amount has FPL included in the capacity cost recovery clause for nuclear cost recovery?

OPC: No position at this time.

ISSUE 24B: What is the appropriate true-up adjustment amount associated with the 2017 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2020?

OPC: No position at this time.

ISSUE 24C: What is the appropriate true-up amount associated with the 2018 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2020? (DEFERRED)

OPC: By agreement of the parties this issue has been deferred until next year's docket.

ISSUE 24D: What are the appropriate Indiantown non-fuel based revenue requirements to be recovered through the Capacity Clause pursuant to the Commission's approval of the Indiantown transaction in Docket No. 160154-EI for 2020?

OPC: No position at this time.

Gulf Power Company

No company-specific capacity cost recovery factor issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 25A, 25B, 25C, 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 26A, 26B, 26C, and so forth, as appropriate.

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?

OPC: No position at this time.

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

OPC: No position at this time.

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?

OPC: No position at this time.

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

OPC: No position at this time.

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?

OPC: No position at this time.

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?

OPC: No position at this time.

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

OPC: No position at this time.

III. EFFECTIVE DATE

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

OPC: No position at this time.

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?

OPC: No position at this time.

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?

OPC: No position.

ISSUE 37: Should this docket be closed?

OPC: No position at this time.

CONTESTED ISSUES

ISSUE 1E: Should the Commission hold a separate “spin-off” hearing to determine the cause of the Bartow outage and the prudence of DEF’s decisions on all factors related to the cause(s) and duration of any outages and the de-rating of the Bartow plant?

OPC: No position at this time.

5. STIPULATED ISSUES:

None.

6. PENDING MOTIONS:

OPC has no pending motions.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

OPC has no pending requests or claims for confidentiality.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

OPC has no objection to qualifications of witnesses.

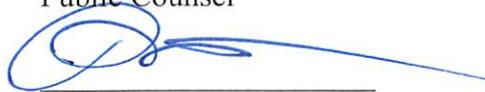
9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

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

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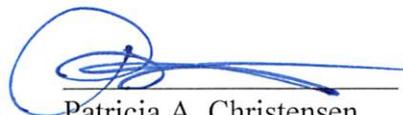
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