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October 6, 2020

**BY E-PORTAL**

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

**Re: Docket No. 20200001-EI: Fuel and Purchased Power Cost Recovery Clause with  
Generating Performance Incentive Factor**

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket, please find the Prehearing Statement of Florida Public Utilities Company.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

MEK  
cc:/(Certificate of Service)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 20200001-EI DATED: October 6, 2020
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**FLORIDA PUBLIC UTILITIES COMPANY'S  
PREHEARING STATEMENT**

In accordance with the Order Establishing Procedure for this Docket, Order No. PSC-2020-0041-PCO-EI, issued January 31, 2020, Florida Public Utilities Company ("FPUC," or "Company") hereby files its Prehearing Statement.

**A. APPEARANCES**

Beth Keating  
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215 South Monroe St., Suite 601  
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(850) 521-1706  
On behalf of Florida Public Utilities Company

**B. WITNESSES AND EXHIBITS**

i. All Known Witnesses

<u>Witness</u>	<u>Subject</u>	<u>Issue</u>
Curtis D. Young	Final True Up 2019	8
Curtis D. Young	Estimated/Actual 2020	3A, 9
Curtis D. Young	Projection for 2021	10, 11, 18, 19, 20, 21, 22, 34, 35, 36
P. Mark Cutshaw	Special Projects	10, 11

ii. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>	<u>Issue</u>
Young	CDY-1	Final True Up Schedules (Schedules A, C1 and E1-B for FPUC's Divisions)	8
Young	CDY-2	Estimated/Actual (Schedules E1-A, E1-B, and E1-B1)	3A, 9
Young	CDY-3	Revised Monthly True-Up for January through June 2020	3A
Young	CDY-4	Schedules E1, E1A, E2, E7, E8, E10 and Schedule A	10, 11, 18, 19, 20, 21, 22, 34, 35, 36

**C. STATEMENT OF BASIC POSITION**

FPUC's Statement of Basic Position

FPUC: The Commission should approve Florida Public Utilities Company's final net true-up for the period January through December 2019, the estimated true-up for the period January through December, 2020, and the purchase power cost recovery factors for the period January through December, 2021.

**D. FPUC's POSITION ON THE ISSUES**

**I. FUEL ISSUES**

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**Duke Energy Florida, LLC.**

No company-specific fuel clause issues for Duke Energy Florida, LLC have been identified at this time. If such issues are identified, they shall be numbered 1A, 1B, 1C, and so forth, as appropriate.

**Florida Power & Light Company**

**ISSUE 2A:** 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?

FPUC's Position: No position.

**ISSUE 2B:** What was the total gain under FPL's Incentive Mechanism approved by Order No. PSC-2016-0560-AS-EI that FPL may recover for the period January 2019 through December 2019, and how should that gain be shared between FPL and customers?

FPUC's Position: No position.

**ISSUE 2C:** 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 2019 through December 2019?

FPUC's Position: No position.

**ISSUE 2D:** 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 2019 through December 2019?

FPUC's Position: No position.

**ISSUE 2E:** 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 2019 through December 2019?

FPUC's Position: No position.

**ISSUE 2F:** Has FPL made reasonable and prudent adjustments, if any are needed, to account for replacement power costs associated with the April 2019 forced outage at St. Lucie Nuclear Power Plant, Unit No. 1?

FPUC's Position: No position.

**ISSUE 2G:** Has FPL made reasonable and prudent adjustments, if any are needed, to account for replacement power costs associated with the March 2020 return-to-service delay at St. Lucie Nuclear Power Plant, Unit No. 2?

FPUC's Position: No position.

**ISSUE 2H:** What is the appropriate subscription credit associated with FPL's Solar Together Program, approved by Order No. PSC-2020-0084-S-EI, to be included for recovery in 2021?

FPUC's Position: No position.

### **Florida Public Utilities Company**

**ISSUE 3A:** Should the Commission approve FPUC's revised Fuel and Purchased Power Cost Recovery Factors filed in accordance with the Stipulation and Settlement approved in Docket No. 20190156-EI, which reflect the flow-through of interim rate over-recovery calculated based on 9 months actual and 1 month estimated revenues?

FPUC's Position: Yes. Consistent with the Commission's decision in consolidated Docket No. 20190156-EI, the Commission should approve FPUC's revised Fuel and Purchased Power Cost Recovery Factors, which are to be filed prior to hearing based upon 9 months actual and 1 month estimated revenues.

### **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 2020 hedging report?

FPUC's Position: No position.

### **Tampa Electric Company**

**ISSUE 5A:** 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 2019 through December 2019, and how should that gain to be shared between TECO and customers?

FPUC's Position: No position.

## GENERIC FUEL ADJUSTMENT ISSUES

**ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2020 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position.

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2021 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position.

**ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2019 through December 2019?

FPUC's Position: \$2,017,896 (Under-recovery) (*Young*)

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2020 through December 2020?

FPUC's Position: \$1,252,729 (Over-recovery) (*Young*)

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2021 through December 2021?

FPUC's Position: \$765,167 (Under-recovery) (*Young, Cutshaw*)

**ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2021 through December 2021?

FPUC's Position: The appropriate projected total fuel and purchased power cost recovery amount for the period January 2021 through December 2021 is \$44,407,969. (*Young, Cutshaw*)

## **COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) 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 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 2019 through December 2019 for each investor-owned electric utility subject to the GPIF?

**FPUC's Position:** No position.

**ISSUE 17:** What should the GPIF targets/ranges be for the period January 2021 through December 2021 for each investor-owned electric utility subject to the GPIF?

**FPUC's Position:** No position.

## **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 2021 through December 2021?

FPUC's Position: 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 2021 through December 2021 is \$45,173,136, which includes prior period true-ups. (Young)

**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 2021 through December 2021?

FPUC's Position: The appropriate tax revenue factor is 1.00072. (Young)

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2021 through December 2021?

FPUC's Position: The appropriate factor is 4.714¢ per kWh. (Young)

**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?

FPUC's Position: The appropriate line loss multiplier is 1.0000. (Young)

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

<sup>1</sup>FPUC's Position: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2021 through December 2021 for the Consolidated Electric Division, adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.07443
GS	\$0.07208
GSD	\$0.06893
GSLD	\$0.06669
LS	\$0.05426

<sup>1</sup> Factors to be revised consistent with Commission-approved Stipulation and Settlement in consolidated Docket No. 20190156-EI based on 9 months actual and 1 month estimated revenue data. Revisions will be filed prior to the prehearing conference in this Docket.



<u>Step rate for RS</u>	
RS Sales	\$0.07443
RS with less than 1,000 kWh/month	\$0.07135
RS with more than 1,000 kWh/month	\$0.08385

Consistent with the fuel projections for the 2021 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division for 2021 period are:

*Time of Use/Interruptible*

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.15535	\$0.03235
GS	\$0.11208	\$0.02208
GSD	\$0.10893	\$0.03643
GSLD	\$0.12669	\$0.03669
Interruptible	\$0.05169	\$0.06669

*(Young)*

## **II. CAPACITY ISSUES**

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

#### **Duke Energy Florida, LLC.**

**ISSUE 23A:** What is the appropriate net book value of retired Plant Crystal River South (Units 1 and 2) assets to be recovered over a one-year period as approved by Order No. PSC-2017-0451-AS-EU?

**FPUC's Position:** No position.

**ISSUE 23B:** 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 DEFs 2017 Settlement?

FPUC's Position: No position.

**ISSUE 23C:** Should the Commission approve the Third Implementation Stipulation and, if approved, what is the amount state income tax savings that should be refunded to customers through the capacity clause in 2021?

FPUC's Position: No position.

**ISSUE 23D:** What adjustment amounts should the Commission approve to be refunded through the capacity clause in 2021 for the Columbia SoBRA I project approved in Docket No. 20180149-EI and the DeBary, Lake Placid, and Trenton SoBRA II projects approved in Docket No. 20190072-EI?

FPUC's Position: No position.

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

**ISSUE 24A:** What is the appropriate true-up adjustment amount associated with the 2018 SOBRA projects approved by Order No. PSC-2018-0028-FOF-EI to be refunded through the capacity clause in 2021?

FPUC's Position: No position.

**ISSUE 24B:** What are the appropriate Indiantown non-fuel base revenue requirements to be recovered through the Capacity Clause pursuant to the Commission's approval of the Indiantown transaction in Docket No. 160154-EI (Order No. PSC-16-0506-FOF-EI) for 2021?

FPUC's Position: No position.

### **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 2019 through December 2019?

**FPUC's Position:** No position.

**ISSUE 28:** What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2020 through December 2020?

**FPUC's Position:** No position.

**ISSUE 29:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2021 through December 2021?

**FPUC's Position:** No position.

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2021 through December 2021?

**FPUC's Position:** No position.

**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 2021 through December 2021?

**FPUC's Position:** No position.

**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 2021 through December 2021?

**FPUC's Position:** No position.

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2021 through December 2021?

FPUC's Position: No position.

### **III. EFFECTIVE DATE**

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

FPUC's Position: The effective date for FPUC's cost recovery factors should be the first billing cycle for January 1, 2021, which could include some consumption from the prior month. Thereafter, customers should be billed the approved factors for a full 12 months, unless the factors are otherwise modified by the Commission. *(Young)*

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

FPUC's Position: 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. *(Young)*

### **IV. MISCELLANEOUS ISSUES**

**ISSUE 36:** Should this docket be closed?

FPUC's Position: Yes.

### **V. CONTESTED ISSUES**

**ISSUE A:** What action should be taken in response to the Commission's September 1, 2020 vote to approve, without modification, Judge Stevenson's Recommended Order dated April 27, 2020, regarding the Bartow Unit 4 February 2017 outage?

FPUC's Position: No position.

#### **e. Stipulated Issues**

While not a party to stipulations at this time, the FPUC believes that it should be possible to reach a stipulation on each of the issues as they pertain to FPUC.

f. Pending Motions

FPUC has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

FPUC has no pending requests for confidential classification.

h. Objections to Witness Qualifications as an Expert

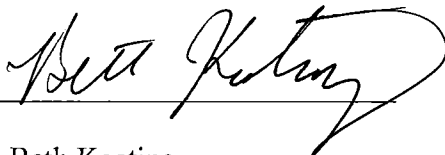
FPUC has no objections to any witnesses' qualifications at this time.

i. Compliance with Order No. PSC-2020-0041-PCO-EI

FPUC has complied with all requirements of the Order Establishing Procedure entered in this docket, as well as the subsequent orders issued modifying that Order.

RESPECTFULLY SUBMITTED this 6th day of October, 2020.

BY: \_\_\_\_\_



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(850) 521-1706

*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 6th day of October, 2020:

<p>Suzanne Brownless  Florida Public Service Commission  2540 Shumard Oak Boulevard  Tallahassee, FL 32399-0850  <u><a href="mailto:sbrownle@psc.state.fl.us">sbrownle@psc.state.fl.us</a></u></p>	<p>James D. Beasley/J. Jeffrey  Wahlen/Malcolm Means  Ausley Law Firm  Post Office Box 391  Tallahassee, FL 32302  <u><a href="mailto:jbeasley@ausley.com">jbeasley@ausley.com</a></u>  <u><a href="mailto:jwahlen@ausley.com">jwahlen@ausley.com</a></u>  <u><a href="mailto:mmeans@ausley.com">mmeans@ausley.com</a></u></p>
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<p>Ms. Paula K. Brown  Tampa Electric Company  Regulatory Affairs  P.O. Box 111  Tampa, FL 33601-0111  <u><a href="mailto:Regdept@tecoenergy.com">Regdept@tecoenergy.com</a></u></p>	<p>Florida Industrial Users Power Group  Jon C. Moyle, Jr.  Moyle Law Firm  118 North Gadsden Street  Tallahassee, FL 32301  <u><a href="mailto:jmoyle@moylelaw.com">jmoyle@moylelaw.com</a></u></p>
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By:



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