



October 6, 2020

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

Re: Docket No. 20200001-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,

S/Richard Hume

Richard Hume
Regulatory Issues Manager

md

Attachments

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clauses and Generating) Docket No. 20200001-EI
Performance Incentive Factor) Date Filed: October 6, 2020

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-2020-0041-PCO-EI issued January 31, 2020, 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

MARIA J. MONCADA, Esquire, Senior Attorney of Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, FL 33408

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>
(<u>Direct</u>)		
Hume (Gulf)	Fuel Adjustment, true-up and projections; Capacity, true-up and projections	4A, 6-11, 18-22, 27-36
Rote ¹ (Gulf)	GPIF reward/penalty and targets and ranges	16, 17

¹ Witness Charles Rote adopts the 2019 GPIF Results testimony and exhibit of Jarvis Van Norman, filed on behalf of Gulf on March 16, 2020.

C. ALL KNOWN EXHIBITS

<u>Witness</u>	<u>Proffered by</u>	<u>Exhibit #</u>	<u>Description</u>	<u>Issues #</u>
(Direct)				
Hume	Gulf Power Company	RLH-1	Calculation of Final True-Up January 2019 – December 2019	8, 27
Hume	Gulf Power Company	RLH-2	A-Schedules December 2019	8
Hume	Gulf Power Company	RLH-3	Estimated Fuel True-Up January 2020 – December 2020	6, 9,
Hume	Gulf Power Company	RLH-4	Estimated Capacity True-up January 2020 – December 2020	28
Hume	Gulf Power Company	RLH-5	Projection January 2021 – December 2021	7, 10, 11, 18-22, 29-33
Hume	Gulf Power Company	RLH-6	Hedging Information Report August 2019 – December 2019	4A
Hume	Gulf Power Company	RLH-7	Hedging Information Report January 2020– March 2020	4A
Hume	Gulf Power Company	RLH-8	Calculation of the stratified separation factors	32
Rote	Gulf Power Company	JVN-1	Gulf Power Company GPIF Results January 2019 – December 2019	16
Rote	Gulf Power Company	CR-1	Gulf Power Company GPIF Targets and Ranges January 2021 – December 2021	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 2021 through December 2021 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 2020 and August 2020 hedging reports?

GULF: Yes, the Commission should approve Gulf's actions to mitigate fuel price volatility because those activities were taken pursuant to, and were consistent with, previously approved risk management plans. Pursuant to the 2017 Stipulation and Settlement Agreement, Gulf has agreed not to enter into any additional hedges during the term of the Agreement, however the hedges at issue in this docket were entered prior to the hedging moratorium. Gulf's hedging activities for the period August 1, 2019 through March 31, 2020, are reported in April 2020 and August 2020 filings in Docket No. 20200001-EI and resulted in hedging net cost of \$8,783,490. Upon review of these filings, Gulf has complied with its Risk Management Plan as approved by this Commission and, therefore, its actions are found to be reasonable and prudent. (Hume)

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?

GULF: \$912,580. (Hume)

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?

GULF: \$274,562. (Hume)

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

GULF: \$8,868,596 over-recovery. (Hume)

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

GULF: \$9,968,285 under-recovery. (Hume)

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

GULF: \$1,099,690 under-recovery. (Hume)

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

GULF: \$326,225,315, excluding prior period true-up amounts, revenue taxes and GPIF. (Hume)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

NONE RAISED BY GULF POWER COMPANY

GENERIC GPIF ISSUES

ISSUE 16: What is the appropriate 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?

GULF: \$62,232 reward. (Rote)

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?

GULF: See table below: (Rote)

Unit	EAF	Heat Rate
Crist 7	89.0	10,882
Daniel 1	93.9	10,650
Daniel 2	93.4	10,334
Scherer 3	95.3	11,339
Smith 3	91.2	6,913
EAF = Equivalent Availability Factor (%)		

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?

GULF: \$327,622,911 including prior period true-up amounts, revenue taxes and GPIF. (Hume)

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?

GULF: 1.00072. (Hume)

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

GULF: 3.053 cents per kWh. (Hume)

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 response on Issue 22. (Hume)

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: (Hume)

Group	Standard Rate Schedules	Line Loss Multipliers	Fuel Cost Factors ¢/kWh
A	RS, RSVP, RSTOU, GS, GSD, GSTOU, OS-III	1.00555	3.070
B	LP	0.99188	3.028
C	PX, RTP	0.97668	2.982
D	OS-I/II	1.00560	3.045

Group	Time-of-Use Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors	
			On-Peak ¢/kWh	Off-Peak ¢/kWh
A	GSDT, SBS	1.00555	3.539	2.879
B	LPT, SBS	0.99188	3.490	2.840
C	PXT, SBS	0.97668	3.437	2.796

*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 GSD; customers with a Contract Demand in the range of 500 to 7,499 kW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 kW will use the recovery factor applicable to Rate Schedule PX.

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 2019 through December 2019?

GULF: \$452,844 over-recovery. (Hume)

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

GULF: \$2,700,587 under-recovery. (Hume)

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?

GULF: \$2,247,743 under-recovery. (Hume)

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

GULF: \$83,552,876. (Hume)

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?

GULF: \$85,862,394 including prior period true-up amounts and revenue taxes. (Hume)

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?

GULF:

Retail Energy Jurisdictional Factor – Base	100.0000%
Retail Energy Jurisdictional Factor - Intermediate	97.5922%
Retail Energy Jurisdictional Factor - Peaking	76.0860%
Retail Demand Jurisdictional Factor - Transmission	97.2343%
Retail Demand Jurisdictional Factor - Base	100.0000%
Retail Demand Jurisdictional Factor - Intermediate	97.5922%
Retail Demand Jurisdictional Factor - Peaking	76.0860%
Retail Demand Jurisdictional Factor - General Plant	96.9888%
Retail Demand Jurisdictional Factor - Distribution	98.1419%
	(Hume)

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

GULF: See table below: (Hume)

RATE CLASS	CAPACITY COST RECOVERY FACTORS	
	¢/kWh	\$ per kW
RS, RSVP, RSTOU	0.915	
GS	0.931	
GSD, GSDT, GSTOU	0.733	
LP, LPT		2.86
PX, PXT, RTP, SBS	0.623	
OS-I/II	0.127	
OS-III	0.566	

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 factors should be effective for meter readings commencing January 1, 2021. These charges should continue in effect until modified by subsequent order of this Commission. (Hume)

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?

GULF: Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be reasonable in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Hume)

IV. MISCELLANEOUS ISSUES

ISSUE 36: Should this docket be closed?

GULF: No. While a separate docket number is assigned each year for administrative convenience, this is a continuing docket and should remain open. (Hume)

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

NONE

H. PENDING CONFIDENTIALITY REQUESTS

1. Request for extended confidentiality filed on January 22, 2020 pertaining to certain documents produced in connection with the review of 2017 fuel and purchased power transactions. (DN 03751-2018); 2020 pertaining certain documents produced in connection with the review of 2017 fuel and purchased power transactions. (DN 03343-2018).

2. Request for extended confidentiality filed on January 28, 2020, pertaining to certain information contained in Form 423 fuel reports for January – March 2018. (DN 03329-2018).
3. Request for confidentiality filed on January 31, 2020, pertaining to Form 423 Fuel Report for October through December 2019 (DN 00730-2020).
4. Request for extended confidentiality filed on February 10, 2020, pertaining certain documents produced in connection with the review of 2015 capacity expenditures (DN 03029-2016); pertaining certain documents produced in connection with the review of 2015 fuel and purchased power transactions. (DN 03027-2016).
5. Request for confidentiality filed on March 02, 2020, pertaining to Schedule CCA-4 of RLH-1 to the Direct Testimony of Richard L. Hume (DN 01195-2020).
6. Request for confidentiality filed on April 03, 2020, pertaining to portions of August-December 2019 Hedging Activity Report (DN 01856-2020).
7. Request for confidentiality filed on April 30, 2020, pertaining to Form 423 Fuel Report for January through March 2020 (DN 02316-2020).
8. Request for confidentiality filed on May 27, 2020, pertaining to documents produced in connection with a review of 2019 fuel and purchased power transactions (DN 02774-2020).
9. Request for extended confidentiality filed on June 17, 2020, pertaining to portions of documents produced in connection with a review of 2014 capacity expenditures (DN 03151-2015); pertaining to certain documents produced by Staff and GPC related to the review of 2018 hedging settlements (DN 06149-2018).
10. Request for confidentiality filed on June 23, 2020, pertaining to revision to page 53 of 65 related to discovered scrivener's error subsequent to the original filing. (DN 02776-2020).
11. Request for confidentiality filed on July 27, 2020, pertaining to Schedule CCE-4 of RLH-3 to the Direct Testimony of Richard L. Hume (DN 04054-2020).
12. Request for confidentiality filed on July 31, 2020, pertaining to Form 423 Fuel Report for April through June 2020 (DN 04158-2020).
13. Request for confidentiality filed on August 10, 2020, pertaining to portion of January-July 2020 Hedging Activity Report (DN 04309-2020).
14. Request for confidentiality filed on September 3, 2020, pertaining to Schedule CCE-1 and CCE-4 of RLH-5 to the Direct Testimony of C. Richard Hume (DN 05949-2020).
15. Request for confidentiality filed on September 21, 2020, pertaining to certain information contained in 2020 hedging settlements. (DN 08253-2020).

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 3-5, 2020, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 6th day of October 2020.

Respectfully submitted,



RUSSELL A. BADDERS
Vice President & Associate General Counsel
Florida Bar No. 007455
russell.badders@nexteraenergy.com
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0100
(850) 444-6550

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No.: **20200001-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 6th day of October, 2020 to the following:

Florida Public Utilities Company
Florida Division of Chesapeake
Utilities Corp
Mike Cassel, Director
Regulatory and Governmental Affairs
1750 SW 14th Street, Suite 200
Fernandina Beach, FL 32034
mcassel@fpuc.com

PCS Phosphate – White Springs
c/o Stone Mattheis Xenopoulos
& Brew, P.C.
James W. Brew/Laura Baker
Eighth Floor, West Tower
1025 Thomas Jefferson St, NW
Washington, DC 20007
jbrew@smxblaw.com
lwb@smxblaw.com

Duke Energy Florida
Dianne M. Triplett
299 First Avenue North
St. Petersburg, FL 33701
Dianne.triplett@duke-energy.com

Florida Power & Light Company
Maria J. Moncada
David Lee
700 Universe Boulevard (LAW/JB)
Juno Beach, FL 33408-0420
Maria.moncada@fpl.com
David.Lee@fpl.com

Florida Power & Light Company
Kenneth Hoffman
134 West Jefferson Street
Tallahassee, FL 32301
Kenneth.Hoffman@fpl.com

Ausley Law Firm
James D. Beasley
J. Jeffry Wahlen
Malcolm N. Means
Post Office Box 391
Tallahassee, FL 32302
jbeasley@ausley.com
jwahlen@ausley.com
mmeans@ausley.com

Gunster Law Firm
Beth Keating
215 South Monroe Street, Suite 601
Tallahassee, FL 32301-1839
bkeating@gunster.com

Office of Public Counsel
J. R. Kelly/M. Fall-Fry
Patricia A. Christensen
Associate Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
Kelly.jr@leg.state.fl.us
Christensen.patty@leg.state.fl.us
fall-fry.mireille@leg.state.fl.us

Duke Energy Florida, Inc.
Matthew R. Bernier
106 East College Avenue,
Suite 800
Tallahassee, FL 32301-7740
Matthew.bernier@duke-energy.com
FLRegulatoryLegal@duke-energy.com

Florida Industrial Power Users Group
c/o Moyle Law Firm
Jon C. Moyle, Jr.
118 North Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com
mqualls@moylelaw.com

Tampa Electric Company
Ms. Paula K. Brown, Manager
Regulatory Coordination
P. O. Box 111
Tampa, FL 33601-0111
Regdept@tecoenergy.com

Office of the General Counsel
Suzanne Brownless
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us



RUSSELL A. BADDERS
VP & Associate General Counsel
Florida Bar No. 007455
Russell.Badders@nexteraenergy.com
Gulf Power Company
One Energy Place
Pensacola FL 32520-0100
(850) 444-6550
Attorney for Gulf Power