

**Diamond Williams**

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**To:** Filings@psc.state.fl.us  
**Subject:** Electronic Filing / Dkt 110001 - EI / FPL's List of Issues and Positions  
**Attachments:** 9.26.11 Preliminary List of Issues - Docket No 110001-EI.pdf; 9.26.11 Preliminary List of Issues - Docket No 110001-EI.doc

Electronic Filing

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b. Docket No. 110001 - EI  
In RE: Fuel and purchased power cost recovery clause with generating performance incentive factor

c. The Document is being filed on behalf of Florida Power & Light Company.

d. There are a total of 10 pages

e. The document attached for electronic filing is Florida Power & Light Company's List of Issues and Positions

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DOCUMENT NUMBER-DATE

06943 SEP 26 =

9/26/2011

FPSC-COMMISSION CLEAR

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 110001-EI  
FILED: SEPTEMBER 26, 2011

**FLORIDA POWER & LIGHT COMPANY'S  
LIST OF ISSUES AND POSITIONS**

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**ISSUE 2A:** Should the Commission approve as prudent, FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in FPL's April 2011 and August 2011 hedging reports?

**FPL:** Yes. FPL's actions to mitigate the price volatility of natural gas, residual oil and purchased power prices, as reported in FPL's April 2011 and August 2011 hedging reports are reasonable and prudent. (YUPP)

**ISSUE 2B:** Should the Commission approve FPL's 2012 Risk Management Plan?

**FPL:** Yes. On August 5, 2008, FPL filed a petition in the fuel docket requesting approval of Hedging Order Clarification Guidelines (the "Hedging Guidelines"). The Hedging Guidelines were approved at the Commission's September 16, 2008 Agenda Conference. Section I of the Hedging Guidelines provides for investor-owned utilities such as FPL to file a risk management plan covering the activities to be undertaken during the following calendar year for hedges applicable to subsequent years, and for the Commission to review such plans for approval in the annual fuel adjustment hearing held in November. FPL's 2012 Risk Management Plan is consistent with the Hedging Guidelines and should be approved. (YUPP)

**ISSUE 2C:** What are the appropriate projected jurisdictional fuel savings associated with West County Energy Center Unit 3 ("WCEC-3") for the period January 2012 through December 2012?

**FPL:** The projected 2012 jurisdictional fuel savings associated with WCEC-3 are \$186,895,413. (YUPP)

**ISSUE 2D:** Should the Commission approve FPL's Time of Use Rates for the period January 2012 through December 2012 that are calculated based on seasonally differentiated marginal fuel costs?

**FPL:** Yes. Time of use factors based on marginal costs increases the on-peak and off-peak differential and provides a stronger price signal to customers. Additionally, using

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seasonally differentiated fuel costs to develop time of use factors better tracks the costs of fuel during the months when such costs are expected to be incurred. (DEATON)

### **FUEL ADJUSTMENT ISSUES**

**ISSUE 6:** What are the appropriate actual benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FPL:** \$10,707,967 (KEITH)

**ISSUE 7:** What are the appropriate estimated benchmark levels for calendar year 2012 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FPL:** \$6,763,028, which has been adjusted from \$6,703,781, to include actual data for July 2011. This benchmark level is subject to adjustments in the 2011 final true-up filing to include all actual data for the year 2011. (KEITH)

**ISSUE 8:** What are the appropriate final fuel adjustment true-up amounts for the period January 2010 through December 2010?

**FPL:** \$45,498,496 under-recovery. (KEITH)

**ISSUE 9:** What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January, 2011 through December 2011?

**FPL:** \$109,641,629 under-recovery. (KEITH)

**ISSUE 10:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2012 through December 2012?

**FPL:** \$155,140,123 under-recovery. (KEITH)

**ISSUE 11:** What are the appropriate projected total fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2012 through December 2012?

**FPL:** \$4,226,245,110, including prior period true-ups and revenue taxes and excluding the GPIF reward. (KEITH)

### **GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES**

**ISSUE 16:** What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2010 through December 2010 for each investor-owned electric utility subject to the GPIF?

**FPL:** \$6,571,449 reward. (BULLOCK)

**ISSUE 17:** What should the GPIF target/ranges be for the period January 2012 through December 2012 for each investor-owned electric utility subject to the GPIF?

**FPL:** The targets and ranges should be as set forth in FPL's GPIF testimony and exhibits including the following:

<u>Plant / Unit</u>	<u>EAF Target (%)</u>	<u>Heat Rate Target BTU/KWH</u>
Ft. Myers 2	91.6	7,105
Martin 8	91.4	7,025
Manatee 3	93.9	6,930
Sanford 4	92.5	7,252
Scherer 4	72.5	9,948
St. Lucie 1	68.7	10,771
St. Lucie 2	60.1	10,724
Turkey Point 3	49.9	10,875
Turkey Point 4	78.0	11,263
Turkey Point 5	92.6	6,936 (BULLOCK)

### **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 2012 through December 2012?

**FPL:** \$4,232,816,559 including prior period true-ups, revenue taxes and GPIF reward. (KEITH)

**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 2012 through December 2012?

**FPL:** 1.00072. (KEITH)

**ISSUE 20:** What are the appropriate levelized fuel cost recovery factors for the period January 2012 through December 2012?

**FPL:** 4.131 cents/kWh for January 2012 through December 2012. (KEITH)

**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?

**FPL:** The appropriate Fuel Cost Recovery Loss Multipliers are provided in response to Issue No. 22. (KEITH)

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

**FPL:** FPL proposes to base its TOU fuel factors on seasonally differentiated marginal fuel costs. This is in response to Order No. PSC-11-0216-PAA-EI, issued in Docket No. 100358-EI on May 11, 2011, where the Commission directed FPL to investigate both the use of marginal costs and seasonal differentiation in determining its TOU fuel factors.

FUEL RECOVERY FACTORS - BY RATE GROUP  
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)

FOR THE PERIOD JANUARY 2012 - DECEMBER 2012

(1) GROUP	(2) RATE SCHEDULE	JANUARY - DECEMBER		
		(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) FUEL RECOVERY FACTOR
A	RS-1 first 1,000 kWh all additional kWh	4.131	1.00233	3.796
		4.131	1.00233	4.796
A	GS-1, SL-2, GSCU-1, WIES-1	4.131	1.00233	4.141
A-1*	SL-1, OL-1, PL-1	3.966	1.00233	3.975
B	GSD-1	4.131	1.00225	4.140
C	GSLD-1 & CS-1	4.131	1.00107	4.135
D	GSLD-2, CS-2, OS-2, MET	4.131	0.98972	4.089
E	GSLD-3, CS-3	4.131	0.95828	3.959

\* WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

SEASONALLY DIFFERENTIATED TIME OF USE FUEL RECOVERY FACTORS - BY RATE GROUP  
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)

FOR THE PERIOD JANUARY 2012 - DECEMBER 2012

(1) GROUP	(2) RATE SCHEDULE	JANUARY - MARCH / NOVEMBER - DECEMBER			APRIL - OCTOBER			
		(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) FUEL RECOVERY FACTOR	(6) AVERAGE FACTOR	(7) FUEL RECOVERY LOSS MULTIPLIER	(8) FUEL RECOVERY FACTOR	
A	RST-1, GST-1	ON-PEAK	4.974	1.00233	4.986	6.577	1.00233	6.592
		OFF PEAK	3.821	1.00233	3.830	3.404	1.00233	3.412
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW)	ON-PEAK	4.974	1.00224	4.985	6.577	1.00224	6.592
		OFF PEAK	3.821	1.00224	3.830	3.404	1.00224	3.412
C	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW)	ON-PEAK	4.974	1.00110	4.979	6.577	1.00110	6.584
		OFF PEAK	3.821	1.00110	3.825	3.404	1.00110	3.408
D	GSLDT-2, CST-2, HLFT-3 (2,000+ kW)	ON-PEAK	4.974	0.99111	4.930	6.577	0.99111	6.519
		OFF PEAK	3.821	0.99111	3.787	3.404	0.99111	3.374
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T)	ON-PEAK	4.974	0.95828	4.767	6.577	0.95828	6.303
		OFF PEAK	3.821	0.95828	3.662	3.404	0.95828	3.252
F	CILC-1(D), ISST-1(D)	ON-PEAK	4.974	0.98992	4.924	6.577	0.98992	6.511
		OFF PEAK	3.821	0.98992	3.782	3.404	0.98992	3.370

DETERMINATION OF SEASONAL DEMAND TIME OF USE RIDER (SDTR)  
FUEL RECOVERY FACTORS

ON PEAK: JUNE 2012 THROUGH SEPTEMBER 2012 - WEEKDAYS 3:00 PM TO 6:00 PM  
OFF PEAK: ALL OTHER HOURS

(1) GROUP	(2) OTHERWISE APPLICABLE RATE SCHEDULE	(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) SDTR FUEL RECOVERY FACTOR	
B	GSD(T)-1	ON-PEAK	7.361	1.00225	7.378
		OFF-PEAK	3.540	1.00225	3.548
C	GSLD(T)-1	ON-PEAK	7.361	1.00114	7.369
		OFF-PEAK	3.540	1.00114	3.544
D	GSLD(T)-2	ON-PEAK	7.361	0.99154	7.299
		OFF-PEAK	3.540	0.99154	3.510

(KEITH)

## COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

**ISSUE 24A:** Has FPL included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 110009-EI?

**FPL:** Yes. FPL has included \$196,092,631 in its 2012 capacity cost recovery clause factors. FPL will update this calculation if necessary, once the Commission has approved the recoverable amount at its October 24, 2011 special agenda conference. (KEITH)

**ISSUE 24B:** What are the appropriate projected jurisdictional non-fuel revenue requirements associated with WCEC-3 for the period January 2012 through December 2012?

**FPL:** The projected 2012 jurisdictional non-fuel revenue requirements associated with WCEC-3 are \$166,860,714. (KEITH)

**ISSUE 24C:** What amount should be included in the capacity cost recovery clause for recovery of jurisdictional non-fuel revenue requirements associated with West County Energy Center Unit 3 (WCEC-3) for the period January 2012 through December 2012?

**FPL:** FPL has included \$166,860,714 of jurisdictional non-fuel revenue requirements associated with WCEC-3 for recovery in the capacity cost recovery clause. This amount is the lesser of the projected 2012 WCEC-3 jurisdictional non-fuel revenue requirements and the projected 2012 WCEC-3 jurisdictional fuel savings. (KEITH)

## GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

**ISSUE 27:** What are the appropriate final capacity cost recovery true-up amounts for the period January 2010 through December 2010?

**FPL:** \$3,364,670 over-recovery. (KEITH)

**ISSUE 28:** What are the appropriate actual/estimated capacity cost recovery true-up amounts for the period January 2011 through December 2011?

**FPL:** \$25,243,602 over-recovery. (KEITH)

**ISSUE 29:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2012 through December 2012?

**FPL:** \$28,608,272 over-recovery. (KEITH)

**ISSUE 30:** What are the appropriate projected total capacity cost recovery amounts for the period January 2012 through December 2012?

**FPL:** \$546,891,268 jurisdictionalized capacity payments for the period January 2012 through December 2012 excluding prior period true-ups, revenue taxes, nuclear

cost recovery amount, and WCEC-3 non-jurisdictional revenue requirements. (KEITH)

**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 2012 through December 2012?

**FPL:** The projected net purchased power capacity cost recovery amount to be recovered over the period January 2012 through December 2012 is \$881,750,692, including prior period true-ups, revenue taxes, nuclear cost recovery amount, and WCEC-3 non-jurisdictional revenue requirements. (KEITH)

**ISSUE 32:** What are the appropriate jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January 2012 through December 2012?

**FPL:** The appropriate jurisdictional separation factors are:  
 FPSC 98.01395%  
 FERC 1.98605% (KEITH)

**ISSUE 33:** What are the appropriate capacity cost recovery factors for the period January 2012 through December 2012?

**FPL:**

Rate Schedule	Jan 2012 - Dec 2012 Capacity Recovery Factor		WCEC-3 Capacity Recovery Factor		Total Capacity Recovery Factor Jan 2012-Dec 2012	
	(\$/KW)	(\$/Kwh)	(\$/KW)	(\$/Kwh)	(\$/KW)	(\$/Kwh)
RS1/RST1	-	0.00800	-	0.00169	-	0.00969
GS1/GST1	-	0.00622	-	0.00186	-	0.00808
GSD1/GSDT1/HLFT1 (21-499 kW)	2.11	-	0.55	-	2.66	-
OS2	-	0.00312	-	0.00175	-	0.00487
GSLD1/GSLDT1/CS1/CST1/HLFT2 (500-1,999 kW)	2.45	-	0.63	-	3.08	-
GSLD2/GSLDT2/CS2/CST2/HLFT3(2,000+ kW)	2.39	-	0.58	-	2.97	-
GSLD3/GSLDT3/CS3/CST3	2.84	-	0.79	-	3.63	-
ISST1D	**	-	**	-	**	-
ISST1T	**	-	**	-	**	-
SST1T	**	-	**	-	**	-
SST1D1/SST1D2/SST1D3	**	-	**	-	**	-
CILC D/CILC G	2.39	-	0.72	-	3.11	-
CILC T	2.35	-	0.73	-	3.08	-
MET	2.67	-	0.77	-	3.44	-
OL1/SL1/PL1	-	0.00062	-	0.00067	-	0.00129
SL2, GSCU1	-	0.00482	-	0.00093	-	0.00575



**CAPACITY RECOVERY FACTORS FOR STANDBY RATES**

	Jan 2012 - Dec 2012 Capacity Recovery Factor		WCEC-3 Capacity Recovery Factor		Total Capacity Recovery Factor Jan 2012-Dec 2012	
	RDC	SDD	RDC	SDD	RDC	SDD
	** (\$/KW)	** (\$/KW)	** (\$/KW)	** (\$/KW)	** (\$/KW)	** (\$/KW)
ISST1D	\$0.32	\$0.15	\$0.08	\$0.04	\$0.40	\$0.19
ISST1T	\$0.32	\$0.15	\$0.07	\$0.04	\$0.39	\$0.19
SST1T	\$0.32	\$0.15	\$0.07	\$0.04	\$0.39	\$0.19
SST1D1/SST1D2/SST1D3	\$0.32	\$0.15	\$0.08	\$0.04	\$0.40	\$0.19

(KEITH)

**EFFECTIVE DATE**

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

**FPL:** FPL is requesting that the fuel adjustment factors and capacity cost recovery factors become effective with customer bills for January 2012 (cycle day 1) through December 2012 (cycle day 21). This will provide for 12 months of billing for all customers. Thereafter, FPL's fuel adjustment factors and capacity cost recovery factors should remain in effect until modified by the Commission.  
(KEITH)

Respectfully submitted this 26<sup>th</sup> day of September, 2011.

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I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery on the 26<sup>th</sup> day of September, 2011, to the following:

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