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October 8, 2012

HAND DELIVERED

Ms. Ann Cole, Director
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED- FPSC
12 OCT - 8 PM 3: 16
COMMISSION
CLERK

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor; FPSC Docket No. 120001-EI

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Prehearing Statement.

Also enclosed is a CD containing the above-referenced Prehearing Statement generated on a Windows 7 operating system and using Word 2010 as the word processing software.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Enclosures

COM	
AFD	7
APA	2
ECO	2
ENG	2
GCL	2
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cc: All parties of record (w/enc.)

DOCUMENT NUMBER-DATE

06840 OCT-8 2

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased)
Power Cost Recovery Clause)
And Generating Performance)
Incentive Factor.)
_____)

DOCKET NO. 120001-EI
FILED: October 8, 2012

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

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J. JEFFRY WAHLEN
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Carlos Aldazabal (TECO)	Generic Fuel Adjustment Issues Adjustment Factors	6, 7, 8, 9, 10, 11,
	Fuel Factor Calculation Issues	18, 19, 20, 21, 22
	Generic Capacity Cost Recovery Factor Issues	27, 28, 29, 30, 31, 32, 33
	Effective Date	34
2. Brian S. Buckley (TECO)	Generic Generating Performance Incentive Factor Issues	16, 17
	Fuel Factor Calculation Issues	18
3. Benjamin F. Smith (TECO)	Company-Specific Fuel Adjustment Issues	5A, 5B
	Fuel Factor Calculation Issues	18

DOCUMENT NUMBER-DATE

06840 OCT-8 2012

FPSC-COMMISSION CLERK

	Generic Capacity Cost Recovery Factor Issues	31
4. Brent C. Caldwell (TECO)	Company-Specific Fuel Adjustment Issues	5A, 5B
	Fuel Factor Calculation Issues	18

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (CA-1)	Aldazabal	Final True-up Capacity Cost Recovery January 2011 - December 2011
<u> </u> (CA-1)	Aldazabal	Final True-up Fuel Cost Recovery January 2011 – December 2011
<u> </u> (CA-1)	Aldazabal	Actual Fuel True-up compared Original Estimates January 2011 – December 2011
<u> </u> (CA-1)	Aldazabal	Schedules A-1, A-2 and A-6 through A-9 January 2011 – December 2011
<u> </u> (CA-2)	Aldazabal	Actual/Estimated True-Up Fuel Cost Recovery January 2012 – December 2012
<u> </u> (CA-2)	Aldazabal	Actual/Estimated True-Up Capacity Cost Recovery January 2012 – December 2012
<u> </u> (CA-3)	Aldazabal	Projected Fuel Cost Recovery January 2013 – December 2013
<u> </u> (CA-3)	Aldazabal	Projected Capacity Cost Recovery January 2013 – December 2013
<u> </u> (CA-3)	Aldazabal	Levelized and Tiered Fuel Rate January 2013 – December 2013
<u> </u> (CA-3)	Aldazabal	Projected Polk 1 Capital Costs January 2013 – December 2013
<u> </u> (BSB-1)	Buckley	Generating Performance Incentive Factor True-Up January 2011 – December 2011

<u> </u> (BSB-2)	Buckley	Generating Performance Incentive Factor January 2013 – December 2013
<u> </u> (JBC-1)	Caldwell	2011 Fuel Procurement Risk Management Report
<u> </u> (JBC-2)	Caldwell	Fuel Procurement and Wholesale Power Purchase Risk Management Plan 2013
<u> </u> (JBC-3)	Caldwell	Hedging Activities for Natural Gas for Seven Month Period January through July 2012

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery and GPIF true-up and projection calculations, including the proposed fuel adjustment factor of 3.714 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage; the company's proposed capacity factor for the period January through December 2013; a GPIF penalty of \$538,019 for performance during 2011; and approval of the company's proposed GPIF targets and ranges for 2013. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of \$1,365,169 for calendar year 2013.

E. STATEMENT OF ISSUES AND POSITIONS

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

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 2012 and August 2012 hedging reports?

TECO: Yes. Tampa Electric prudently followed its 2011 and 2012 Risk Management Plans and accordingly utilized financial hedges to mitigate volatility of natural gas

prices during the period January 2011 through July 2012. (Witness: Caldwell, Smith)

ISSUE 5B: Should the Commission approve TECO's 2013 Risk Management Plan?

TECO: Yes. Tampa Electric's 2013 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Witness: Caldwell, Smith)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2012 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: \$2,461,613. (Witness: Aldazabal)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2013 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: \$1,365,169. (Witness: Aldazabal)

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2011 through December 2011?

TECO: \$11,885,179 over-recovery. (Witness: Aldazabal)

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2012 through December 2012?

TECO: \$57,434,679 over-recovery. (Witness: Aldazabal)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2013 to December 2013?

TECO: \$69,319,858 over-recovery. (Witness: Aldazabal)

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2013 through December 2013?

TECO: The total fuel and purchased power cost recovery amount for the period January 2013 through December 2013, is \$745,333,956. The total recoverable fuel and purchased power recovery amount to be collected, adjusted by the jurisdictional separation factor excluding GPIF and revenue tax factor but including the true-up amount, is \$676,014,098. (Witness: Aldazabal, Smith)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 16: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

TECO: A penalty in the amount of \$538,019. (Witness: Buckley)

ISSUE 17: What should the GPIF targets/ranges be for the period January 2013 through December 2013 for each investor-owned electric utility subject to the GPIF?

TECO: The appropriate targets and ranges are shown in Exhibit No. ____ (BSB-2) to the prefiled testimony of Mr. Brian S. Buckley. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and later modified in 2006 after meeting with Staff and intervening parties at the request of the Commission. (Witness: Buckley)

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 2013 through December 2013?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2013 through December 2013, adjusted by the jurisdictional separation factor, is \$745,333,956. The total

recoverable fuel and purchased power cost recovery amount to be collected, including the true-up and GPIF and adjusted for the revenue tax factor, is \$675,962,809. (Witness: Aldazabal, Caldwell, Buckley, Smith)

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 2013 through December 2013?

TECO: The appropriate revenue tax factor is 1.00072 (Witness: Aldazabal)

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2013 through December 2013?

TECO: The appropriate factor is 3.714 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Aldazabal)

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?

TECO: The appropriate fuel recovery line loss multipliers are as follows:

<u>Metering Voltage Schedule</u>	<u>Line Loss Multiplier</u>
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

(Witness: Aldazabal)

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

TECO: The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>
Secondary	3.719

Tier I (Up to 1,000 kWh)	3.369	
Tier II (Over 1,000 kWh)	4.369	
Distribution Primary	3.682	
Transmission	3.645	
Lighting Service	3.697	
Distribution Secondary	3.861	(on-peak)
	3.664	(off-peak)
Distribution Primary	3.822	(on-peak)
	3.627	(off-peak)
Transmission	3.784	(on-peak)
	3.591	(off-peak)

(Witness: Aldazabal)

II. CAPACITY ISSUES

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2011 through December 2011?

TECO: \$1,311,897 under-recovery. (Witness: Aldazabal)

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2012 through December 2012?

TECO: \$5,390,608 under-recovery. (Witness: Aldazabal)

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2013 through December 2013?

TECO: \$6,702,505 under-recovery. (Witness: Aldazabal)

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2013 through December 2013?

TECO: The projected total capacity cost recovery amount for the period January 2013 through December 2013 is \$29,728,488. (Witness: Aldazabal)

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 2013 through December 2013?

TECO: The purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2013 through December 2013, adjusted by the jurisdictional separation factor, is \$29,728,488. The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$36,457,223. (Witness: Aldazabal, Smith)

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 2013 through December 2013?

TECO: The appropriate jurisdictional separation factor is 1.0000000. (Witness: Aldazabal)

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2013 through December 2013?

TECO: The appropriate factors for January 2013 through December 2013 are as follows:

<u>Rate Class and Metering Voltage</u>	<u>Capacity Cost Recovery Factor</u>	
	<u>Cents per kWh</u>	<u>\$ per kW</u>
RS Secondary	0.232	
GS and TS Secondary	0.214	
GSD, SBF Standard Secondary		.73
Primary		.72
Transmission		.72
GSD Optional Secondary	0.173	
Primary	0.171	
IS, SBI Primary		0.60
Transmission		0.60
LS1 Secondary	0.060	

(Witness: Aldazabal)

III. EFFECTIVE DATE

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

TECO: The new factors should be effective beginning with the specified billing cycle and thereafter for the period January 2013 through the last billing cycle for December 2013. The first billing cycle may start before January 1, 2013, and the last billing cycle may end after December 31, 2013, so long as each customer is billed for 12 months regardless of when the fuel factors became effective. (Witness: Aldazabal)

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

TECO: Tampa Electric has pending a number of requests for confidential treatment of information relating to hedging practices, risk management strategies and fuel and fuel transportation contract matters.

I. OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT

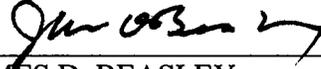
TECO: None at this time.

J. OTHER MATTERS

TECO: None at this time.

DATED this 8th day of October 2012.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 8th day of October 2012 to the following:

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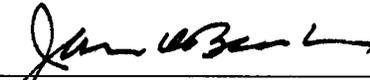
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