

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20230001-EI

FILED: October 6, 2023

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

APPEARANCES:

MALCOLM N. MEANS
J. JEFFRY WAHLEN
VIRGINIA L. PONDER
Ausley McMullen
Post Office Box 391
Tallahassee, Florida 32302

On behalf of Tampa Electric Company

(1) WITNESSES:

Witness	Subject Matter	Issues #
Direct		
M. Ashley Sizemore	Generic Fuel Adjustment Issues, Adjustment Factors	5,6,7,8,9,10
	Fuel Factor Calculation Issues	16,17,18,19,20
	Generic Capacity Cost Recovery Factor Issues	24,25,26,27,28,29,30
	Effective Date	31, 32, 33
Elena B. Vance	Generic Generating Performance Incentive Factor Issues	14, 15
	Fuel Factor Calculation Issues	16
Benjamin F. Smith	Fuel Factor Calculation Issues	16
	Generic Capacity Cost Recovery Factor Issues	28
John C. Heisey	Fuel Factor Calculation Issues	4A, 4B, 16

(2) **EXHIBITS:**

Witness	Proffered By	Exhibit No.	Description	Issue #
Sizemore	Tampa Electric	MAS-1	Final True-Up Capacity Cost Recovery January 2022-December 2022	24, 26
Sizemore	Tampa Electric	MAS-1	Final True-up Fuel Cost Recovery January 2022-December 2022	7, 9
Sizemore	Tampa Electric	MAS-1	Actual Fuel True-up Compared to Original Estimates January 2022-December 2022	7, 9
Sizemore	Tampa Electric	MAS-1	Schedules A-1, A-2, A-6 through A-9, and A- 12 January 2022-December 2022	7, 9, 24, 26
Sizemore	Tampa Electric	MAS-2	Actual/Estimated True-Up Fuel Cost Recovery January 2023-December 2023	8, 9
Sizemore	Tampa Electric	MAS-2	Actual/Estimated True-Up Capacity Cost Recovery January 2023-December 2023	25, 26
Sizemore	Tampa Electric	MAS-3	Projected Capacity Cost Recovery January 2024-December 2024	27-32
Sizemore	Tampa Electric	MAS-3	Projected Fuel Cost Recovery January 2024-December 2024	10, 16- 20
Sizemore	Tampa Electric	MAS-3	Levelized and Tiered Fuel Rate January 2024-December 2024	10, 16- 20
Vance	Tampa Electric	EBV-1	Final True-Up Generating Performance Incentive Factor January 2022-December 2022	14,16
Vance	Tampa Electric	EBV-1	Actual Unit Performance Data January 2022-December 2022	14, 16
Vance	Tampa Electric	EBV-2	Generating Performance Incentive Factor January 2024-December 2024	15
Vance	Tampa Electric	EBV-2	Summary of Generating Performance Incentive Factor Targets January 2024-December 2024	15
Heisey	Tampa Electric	JCH-1	Optimization Mechanism Results January 2022-December 2022	4A
Heisey	Tampa Electric	JCH-2	Risk Management Plan January 2024-December 2024	4B

(3) 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 3.843 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 2024; a GPIF penalty of \$1,648,937 for performance during 2022 and the company's proposed GPIF targets and ranges for 2024.

(4) STATEMENT OF ISSUES AND POSITIONS

I. FUEL ISSUES

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Tampa Electric Company

ISSUE 4A: 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 2022 through December 2022, and how should that gain be shared between TECO and customers?

TECO: The total gain for the period January 2022 through December 2022 under the Optimization Mechanism approved by Order No. PSC-2017-0456-S-EI is \$24,569,361. Customers should receive \$14,184,681, and Tampa Electric should receive \$10,384,680. (Witness: Heisey)

ISSUE 4B: Should the Commission approve TECO's 2024 Risk Management Plan?

TECO: Yes. Tampa Electric's 2024 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Witness: Heisey)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 5: What are the appropriate actual benchmark levels for calendar year 2023 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: The company did not set an actual benchmark level for calendar year 2023. Pursuant to Tampa Electric’s Settlement Agreement, approved in Order No. PSC-2021-0423-S-EI, the company’s Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Witness: Sizemore)

ISSUE 6: What are the appropriate estimated benchmark levels for calendar year 2024 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: The company did not set an estimated benchmark level for calendar year 2024. Pursuant to Tampa Electric’s Settlement Agreement approved by Order No. PSC-2021-0423-S-EI, the company’s Optimization Mechanism replaces the non-separated wholesale energy sales incentive. (Witness: Sizemore)

ISSUE 7: What are the appropriate final fuel adjustment true-up amounts for the period January 2022 through December 2022?

TECO: \$295,994,153 under-recovery. (Witness: Sizemore)

ISSUE 8: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2023 through December 2023?

TECO: \$183,160,125 over-recovery. (Witness: Sizemore)

ISSUE 9: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2024 through December 2024?

TECO: \$112,834,024 under-recovery. (Witness: Sizemore)

ISSUE 10: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2024 through December 2024?

TECO: The total recoverable fuel and purchased power recovery amount to be collected, adjusted by the jurisdictional separation factor, is \$654,842,720. (Witness: Sizemore)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period January 2022 through December 2022 for each investor-owned electric utility subject to the GPIF?

TECO: A penalty in the amount of \$1,648,937 for January 2022 through December 2022 performance to be applied to the January 2024 through December 2024 period. (Witness: Vance)

ISSUE 15: What should the GPIF targets/ranges be for the period January 2024 through December 2024 for each investor-owned electric utility subject to the GPIF?

TECO: The appropriate targets and ranges are shown in Exhibit No. __ (EBV-2) to the prefiled testimony of Elena B. Vance. 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 modified in 2006 by Commission Order No. PSC-2006-1057-FOF-EI in Docket No. 20060001-EI. (Witness: Vance)

FUEL FACTOR CALCULATION ISSUES

ISSUE 16: 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 2024 through December 2024?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2024 through December 2024, adjusted by the jurisdictional separation factor, is \$654,842,720. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up, optimization mechanism, and GPIF, adjusted for the revenue tax factor, is \$776,972,691. (Witness: Sizemore, Heisey, Vance, Smith)

ISSUE 17: 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 2024 through December 2024?

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

ISSUE 18: What are the appropriate levelized fuel cost recovery factors for the period January 2024 through December 2024?

TECO: The appropriate factor is 3.843 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Sizemore)

ISSUE 19: 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: Sizemore)

ISSUE 20: 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	3.843	
RS Tier I (Up to 1,000 kWh)	3.536	
RS Tier II (Over 1,000 kWh)	4.536	
Distribution Primary	3.805	
Transmission	3.766	
Lighting Service	3.806	
Distribution Secondary	4.045	(on-peak)
	3.757	(off-peak)
Distribution Primary	4.005	(on-peak)
	3.719	(off-peak)
Transmission	3.964	(on-peak)
	3.682	(off-peak)

(Witness: Sizemore)

II. CAPACITY ISSUES

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 24: What are the appropriate final capacity cost recovery true-up amounts for the period January 2022 through December 2022?

TECO: \$2,216,062 under-recovery. (Witness: Sizemore)

ISSUE 25: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2023 through December 2023?

TECO: \$5,202,844 under-recovery. (Witness: Sizemore)

ISSUE 26: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2024 through December 2024?

TECO: \$7,418,904 under-recovery. (Witness: Sizemore)

ISSUE 27: What are the appropriate projected total capacity cost recovery amounts for the period January 2024 through December 2024?

TECO: The projected total capacity cost recovery amount for the period January 2024 through December 2024 is \$3,511,508. (Witness: Sizemore)

ISSUE 28: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2024 through December 2024?

TECO: The total recoverable capacity cost recovery amount to be collected, including the true-up amount, adjusted for the revenue tax factor, is \$10,938,282. (Witness: Sizemore, Smith)

ISSUE 29: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2024 through December 2024?

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

ISSUE 30: What are the appropriate capacity cost recovery factors for the period January 2024 through December 2024?

TECO: The appropriate factors for January 2024 through December 2024 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	0.062	
GS and CS Secondary	0.054	
GSD, RSD Standard Secondary		0.20
Primary		0.20
Transmission		0.20
GSD Optional Secondary	0.048	
Primary	0.048	
Transmission	0.047	
GSLDPR/GSLDTPR/SBLDPR/SBLDTPR		0.17
GSLDSU/GSLDTSU/SBLDSU/SBLDTSU		0.19
LS-1, LS-2	0.012	

(Witness: Sizemore)

III. EFFECTIVE DATE

ISSUE 31: What should be the effective date of the fuel adjustment factors and capacity cost recovery factors for billing purposes?

TECO: The new factors should be effective beginning with the first billing cycle for January 2024 through the last billing cycle for December 2024. The first billing cycle may start before January 1, 2024, and the last cycle may be read after December 31, 2024, so that each customer is billed for twelve months regardless of when the recovery factors became effective. The new factors shall continue in effect until modified by this Commission. (Witness: Sizemore)

ISSUE 32: Should the Commission approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding?

TECO: Yes. (Witness: Sizemore)

ISSUE 33: Should this docket be closed?

TECO: Yes.

(5) **STIPULATED ISSUES**

TECO: None at this time.

(6) **PENDING MOTIONS**

TECO: None at this time.

(7) **PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY**

TECO:

1. Tampa Electric's Request for Confidential Classification of certain highlighted information contained in Schedule E12 (Bates Stamped page 44), dated July 27, 2023. [DN -04337-2023].
2. Tampa Electric's Request for Specified Confidential Treatment and Motion for Temporary Protective Order for confidential portions of Forms 423-1,432-1(a),423-2, 423-2(a),423-2(b), dated July 31, 2023. [DN 04416-2023].

3. Tampa Electric's Request for Confidential Classification of certain highlighted information contained in Schedule E12 (Bates Stamped page 15), dated August 16, 2023. [DN 04827-2023].

(8) **OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT**

TECO: Tampa Electric has no objections to any witnesses' qualifications as an expert in this proceeding.

(9) **REQUEST FOR SEQUESTRATION OF WITNESSES**

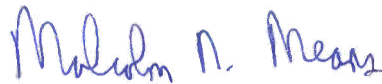
TECO: Tampa Electric does not request the sequestration of witnesses at this time.

(10) **COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

TECO: Tampa Electric has complied with all requirements of Order No. PSC-2023-0066-PCO-EI, which is the Order Establishing Procedure in this docket.

DATED this 6th day of October 2023.

Respectfully submitted,



J. JEFFRY WAHLEN

jwahlen@ausley.com

MALCOLM N. MEANS

mmeans@ausley.com

VIRGINIA L. PONDER

vponder@ausley.com

Ausley McMullen

Post Office Box 391

Tallahassee, Florida 32302

(850) 224-9115

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 served by electronic mail on this 6th day of October 2023 to the following:

Ms. Suzanne Brownless
Ryan Sandy
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us
rsandy@psc.state.fl.us

Walter Trierweiler
Charles Rehwinkel
Mary Wessling
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
Trierweiler.Walt@leg.state.fl.us
Rehwinkel.charles@leg.state.fl.us
wessling.mary@leg.state.fl.us

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

Mr. Matthew R. Bernier
Mr. Robert Pickles
Stephanie A. Cuello
Duke Energy Florida
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740
Matthew.bernier@duke-energy.com
Robert.pickles@duke-energy.com
Stephanie.Cuello@duke-energy.com

Ms. Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301
bkeating@gunster.com

Maria Moncada
David M. Lee
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
maria.moncada@fpl.com
david.lee@fpl.com

Mr. Kenneth Hoffman
Vice President, Regulatory Relations
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859
ken.hoffman@fpl.com

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

Mr. James W. Brew
Ms. Laura W. Baker
Stone Mattheis Xenopoulos & Brew, PC
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, D.C. 20007-5201
jbrew@smxblaw.com
lwb@smxblaw.com

Mr. Jon C Moyle, Jr.
Moyle Law Firm
118 North Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com

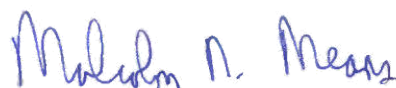
Mr. Peter J. Mattheis
Mr. Michael K. Lavanga
Mr. Joseph R. Briscar
Stone Law Firm
1025 Thomas Jefferson St., NW
Suite 800 West
Washington, DC 20007-5201
pjm@smxblaw.com
mkl@smxblaw.com
jrb@smxblaw.com

Robert Scheffel Wright
John T. LaVia III
1300 Thomaswood Drive
Tallahassee FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com

Michelle D. Napier
1635 Meathe Drive
West Palm Beach, FL 33411
mnapier@fpuc.com

Nucor Steel Florida, Inc.
Corey Allain
22 Nucor Drive
Frostproof FL 33843
corey.allain@nucor.com

George Cavros
Southern Alliance for Clean Energy
120 E. Oakland Park Blvd., Suite 105
Ft. Lauderdale, FL 33334
george@cavros-law.com



ATTORNEY