

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power) DOCKET NO. 950001-EI
Cost Recovery Clause and) ORDER NO. PSC-95-0946-PHO-EI
Generating Performance Incentive) ISSUED: August 4, 1995
Factor.)
_____)

Pursuant to Notice, a Prehearing Conference was held on July 19, 1995, in Tallahassee, Florida, before Commissioner J. Terry Deason, as Prehearing Officer.

APPEARANCES:

James A. McGee, Esquire, Post Office Box 14042, St. Petersburg, FL 33733-4042
On behalf of Florida Power Corporation.

Matthew M. Childs, P.A., Esquire, Steel Hector & Davis, 215 South Monroe Street, Suite 601, Tallahassee, FL 32301
On behalf of Florida Power & Light Company.

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On behalf of Florida Public Utilities Company.

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On behalf of Gulf Power Company.

Lee L. Willis, Esquire, James D. Beasley, Esquire, Macfarlane Ausley Ferguson & McMullen Post Office Box 391 Tallahassee, Florida 32302
On behalf of Tampa Electric Company.

Joseph A. McGlothlin, Vicki Gordon Kaufman, McWhirter, Reeves, McGlothlin, Davidson, Rief & Bakas, 117 South Gadsden Street, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group.

John Roger Howe, Esquire, Deputy Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida.

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FPSC-RECORDS/REPORTING

Vicki D. Johnson, Esquire, Florida Public Service Commission, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff.

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On behalf of the Commissioners.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing fuel and environmental cost recovery proceedings, a hearing is set of August 9 - 11, 1995, in this docket and in Docket No. 950007-EI. The hearing will address the issues set out in the body of this Prehearing Order.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

A party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

The witness schedule is set forth below in order of appearance by the witness' name, party, and the issues that will be covered by that witness' testimony.

Witnesses and exhibits of witnesses whose names are preceded by an asterisk (*) have been stipulated into the record. The parties have stipulated that the testimony of those witnesses will be inserted into the record as though read, and cross-examination will be waived.

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Direct</u>		
*David P. Develle	FPC	1-3, 8a
*Karl H. Wieland	FPC	4-7, 8b, 8c, 11-14
*Larry G. Turner	FPC	9 and 10
*R. Silva	FPL	1-4, 9a, 12, 13, 26
*C. Villard	FPL	1-8, 9c
*B. T. Birkett	FPL	1-8, 9a, 9b, 15-23, 25
*Martin	FPUC	1-8
*M. L. Gilchrist	GULF	1, 2, 4, 26
*M. W. Howell	GULF	1, 2, 4, 19, 20 22, 25
*S. D. Cranmer	GULF	1-8, 19-23, 25
*G. D. Fontaine	GULF	12-14
*Mary Jo Pennino	TECO	1-4, 6-8, 19-23, 25
*G. A. Keselowsky	TECO	12, 13

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Direct</u>		
*W. N. Cantrell & *E. A. Townes	TECO	15-18, 11e, 11f
*W. N. Cantrell	TECO	11a, 11b, 11c, 11d

V. BASIC POSITIONS

FPC: None necessary.

FPL: None Necessary.

FPUC: Florida Public Utilities has properly projected its costs and calculated its true-up amounts and purchased power cost recovery factors. Those factors should be approved by the Commission.

GULF: It is the basic position of Gulf Power Company that the proposed fuel factors and capacity cost recovery factors present the best estimate of Gulf's fuel and purchased power expense (both energy and capacity) for the period October 1995 through March 1996 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

TECO: The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery, GPIF, and oil backout cost recovery true-up calculations and projections, including the proposed fuel adjustment factor of 2.365 cents per KWH before application of factors which adjust for variation in line losses; the proposed capacity cost recovery factor of .168 cents per KWH before applying the 12 CP and 1/13 allocation methodology; a GPIF penalty of \$471,209; and an oil backout cost recovery factor of .058 cents per KWH.

FIPUG: None at this time.

OPC: None necessary.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

FPL: \$38,399,209 underrecovery.
FPUC: Marianna: \$31,424 overrecovery.
Fernandina Beach: \$13,938 overrecovery.
GULF: \$2,613,019 underrecovery.
TECO: \$8,925,155 underrecovery.

STIPULATED

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period October, 1995 through March, 1996?

POSITIONS:

FPC: 1.783 cents per Kwh (adjusted for jurisdictional losses).

FPL: 1.769 cents/kwh is the levelized recovery charge.

FPUC:

Marianna: 2.819¢/kwh
Fernandina Beach: 3.612¢/kwh

GULF: 2.210¢/Kwh.

TECO: 2.365 cents/Kwh.

STIPULATED

ISSUE 5: What should be the effective date of the new fuel adjustment charge, oil backout charge and capacity cost recovery charge for billing purposes?

POSITION: The factor should be effective beginning with the specified fuel cycle and thereafter for the period October, 1995 through March, 1996. Billing cycles may start before October 1, 1995, and the last cycle may be read after March 31, 1996, so that each customer is billed for six months regardless of when the adjustment factor became effective. For TECO, the oil backout factor should be collected during the period October, 1995 through December, 1995. Gulf's capacity factors will be effective for the period October, 1995 through September, 1996.

STIPULATED

ISSUE 6: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class?

POSITIONS:

FPC:

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
A.	Transmission	0.9800
B.	Distribution Primary	0.9900
C.	Distribution Secondary	1.0000
D.	Lighting Service	1.0000

FPL:

<u>Group</u>	<u>Multiplier</u>
A	1.00197
A-1	1.00197
B	1.00196
C	1.00171
D	0.99678
E	0.96190
F	0.99827

FPUC:

Marianna

<u>Rate Schedule</u>	<u>Multiplier</u>
RS	1.0126
GS	0.9963
GSD	0.9963
GSLD	0.9963
OL, OL-2	1.0126
SL-1, SL-2	0.9881

Fernandina Beach

All Rate Schedules	1.0000
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GULF: See table below:

Group	Rate Schedules	Line Loss Multipliers
A	RS, GS, GSD, SBS, OSIII, OSIV	1.01228
B	LP, SBS	0.98106
C	PX, RTP, SBS	0.96230
D	OSI, OSII	1.01228

TECO:

	<u>Multiplier</u>
Group A	1.0064
Group A1	1.0064*
Group B	1.0012
Group C	0.9721

*Group A1 is based on Group A, 15% of On-Peak and 85% of Off-Peak.

STIPULATED

ISSUE 7: What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

POSITIONS:

FPC:

Group	Delivery Voltage Level	Standard	Fuel Cost Factors (cents/Kwh)	
			<u>Time Of Use</u>	
			<u>On-Peak</u>	<u>Off-Peak</u>
A.	Transmission	1.750	2.140	1.591
B.	Distribution Primary	1.768	2.162	1.607
C.	Distribution Secondary	1.786	2.184	1.623
D.	Lighting Service	1.728		

FPL:

<u>GROUP</u>	<u>RATE SCHEDULE</u>	<u>AVERAGE FACTOR</u>	<u>FUEL RECOVERY LOSS MULTIPLIER</u>	<u>FUEL RECOVERY FACTOR</u>
A	RS-1,GS-1, SL-2	1.779	1.00197	1.773
A-1	SL-1,OL-1	1.763	1.00197	1.766
B	GSD-1	1.769	1.00196	1.773
C	GSLD-1 & CS-1	1.769	1.00171	1.772
D	GSLD-2, CS-2,OS-2 & MET	1.769	0.99678	1.764
E	GSLD-3 & CS-3	1.769	0.96190	1.702
A	RST-1,GST-1 ON-PEAK OFF-PEAK	1.812 1.754	1.00197 1.00197	1.815 1.757
B	GSDT-1 CILC-1 (G) ON-PEAK OFF-PEAK	1.812 1.754	1.00196 1.00196	1.815 1.757
C	GSLDT-1 & CST-1 ON-PEAK OFF-PEAK	1.812 1.754	1.00171 1.00171	1.815 1.756
D	GSLDT-2 & CST-2 ON-PEAK OFF-PEAK	1.812 1.754	0.99678 0.99678	1.806 1.748

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<u>GROUP</u>	<u>RATE SCHEDULE</u>	<u>AVERAGE FACTOR</u>	<u>FUEL RECOVERY LOSS MULTIPLIER</u>	<u>FUEL RECOVERY FACTOR</u>
E	GSLDT-3, CST-3			
	CILC-1 (T) & ISST-1 (T)			
	ON-PEAK	1.812	0.96190	1.743
	OFF-PEAK	1.754	0.96190	1.687
F	CILC-1 (D) & ISST-1 (D)			
	ON-PEAK	1.812	0.99827	1.809
	OFF-PEAK	1.754	0.99827	1.750

FPUC:

Marianna

RS	4.875¢/kwh
GS	4.657¢/kwh
GSD	4.145¢/kwh
GSLD	4.169¢/kwh
OL, OL-2	2.938¢/kwh
SL-1, SL-2	2.854¢/kwh

Fernandina Beach

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	5.228¢/kwh
GS	5.292¢/kwh
GSD	4.500¢/kwh
OL, & SL	4.123¢/kwh

GULF: See table below:

G r o u p	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, SBS, OSIII, OSIV	2.237	2.315	2.209
B	LP, SBS	2.168	2.244	2.141
C	PX, RTP, SBS	2.127	2.201	2.100
D	OSI, OSII	2.232	N/A	N/A

*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.

TECO:

	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.380	2.597	2.297
Group A1	2.342	-	-
Group B	2.368	2.583	2.285
Group C	2.299	2.508	2.218

STIPULATED

ISSUE 8: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of October, 1995 through March, 1996?

POSITIONS:

FPC: 1.00083.
FPL: 1.01609.
FPUC: Fernandina Beach: 1.01609
Marianna: 1.00083
GULF: 1.01619.
TECO: 1.00083

COMPANY SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power and Light Company

STIPULATED

ISSUE 9a: Should FPL recover the costs associated with purchasing 462 rail cars for use at Plant Scherer through the Fuel and Purchased Power Cost Recovery Clause?

POSITION: Yes. Pursuant to Order 14546, issued July 8, 1985, unanticipated fuel-related costs not included in the computation of base rates may be considered for recovery through a utility's fuel clause. When economically beneficial to a utility's ratepayers, the cost of purchasing or leasing rail cars is considered to be a fuel-related expense that should be recovered through the fuel clause. FPL projects that the purchase of 462 high capacity aluminum rail cars for delivery of coal to Plant Scherer at a cost of \$24,024,000 will save its ratepayers more than \$24 million. The purchase of these rail cars enabled FPL to obtain favorable transportation rate savings from railroad companies that exceed the recoverable cost of the rail cars. On January 1, 1995, FPL began recovering the actual cost of the 462 rail cars. FPL should be allowed to continue recovering these costs through its fuel clause as they provide substantial savings in the form of reduced fuel costs to FPL's ratepayers. FPL should be allowed to recover straight-line depreciation over 15 years, applicable taxes, and, until the Commission revises FPL's capital ratios or its cost rates, a return on average investment at its current weighted average cost of capital of 9.2897%.

STIPULATED

ISSUE 9b: Should FPL make any adjustment to its fuel cost recovery projections to take into account sales under its Real Time Pricing - General Service (RTP-GX) rate schedule?

POSITION: No. At this time, the RTP transactions are not of sufficient magnitude to affect the fuel cost recovery projection.

STIPULATED

ISSUE 9c: Should FPL be allowed to recover through the Fuel Cost Recovery Clause the cost of implementing a change from an 18 month fuel cycle operation to a 24 month fuel cycle operation of St. Lucie Units 1 and 2?

POSITION: Not at this time. Staff agrees that the implementation costs are the types of costs that generally would be recoverable through the fuel and purchased power cost recovery clause. It is not appropriate at this time to pre-approve recovery of these costs. The Commission's determination of the appropriateness of these costs for recovery through the clause should be made at the time Florida Power and Light Company includes the costs in its fuel cost recovery projections.

Florida Power Corporation

STIPULATED

ISSUE 10a: Should the Commission approve FPC's request to recover the cost of converting its Intercession City combustion turbine units P7 and P9 to burn natural gas?

POSITION: Yes. FPC's conversion of the Intercession City units P7 and P9 to burn natural gas is estimated to save FPC's ratepayers more than \$20 million over the next 5 years at a cost of approximately \$2.5 million. Order No. 14546, issued July 8, 1985 allows a utility to recover fossil-fuel related costs which result in fuel savings when those costs were not previously addressed in determining base rates. FPC should be allowed to recover the projected cost of conversion through its fuel clause beginning July 1, 1995 and be depreciated over the next five years using straight line depreciation. FPC should also be allowed to recover a return on average investment at the rate authorized in Docket 910890-EI, 8.37% as well as applicable taxes. Staff will request an audit of actual costs once the conversion is complete to true-up original projections and to verify prudence of the individual cost components included for recovery.

STIPULATED

ISSUE 10b: Should FPC include the increase in fuel cost associated with the Auburndale Power Partners settlement in the Fuel and Purchased Power Cost Recovery Clause?

POSITION: Yes. The Commission approved recovery of these costs at its August 1, 1995 Agenda Conference in Docket No. 950567-EQ.

STIPULATED

ISSUE 10c: Has FPC confirmed the validity of the methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1994?

POSITION: Yes. The annual audit of EFC's revenue requirements under a full utility-type regulatory treatment confirms the appropriateness of the "short-cut" methodology used to determine the equity component of EFC's capital structure.

STIPULATED

ISSUE 10d: Has FPC properly calculated the market price true-up for coal purchases from Powell Mountain?

POSITION: Yes. The calculation has been made in accordance with the market pricing methodology approved by the Commission in Docket No. 860001-EI-G.

Tampa Electric Company

STIPULATED

ISSUE 11a: What is the appropriate 1994 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

POSITION: \$40.08/Ton.

STIPULATED

ISSUE 11b: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1994 benchmark price?

POSITION: Yes. TECO's actual costs are below the benchmark as calculated by both Staff and the company, and therefore this issue is moot.

STIPULATED

ISSUE 11c: What is the appropriate 1994 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

POSITION: The 1994 transportation benchmark for affiliated waterborne coal transportation services is \$25.70.

STIPULATED

ISSUE 11d: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 1994 waterborne transportation benchmark price?

POSITION: Yes. TECO's actual costs are below the benchmark as calculated by both Staff and the company, and therefore this issue is moot.

STIPULATED

ISSUE 11e: Should TECO separate Oil Backout Cost Recovery costs by wholesale and retail jurisdiction prior to calculating the oil backout factor?

POSITION: This issue shall be deferred until the next fuel and purchase power cost recovery clause proceeding.

STIPULATED

ISSUE 11f: Should TECO refund the non-jurisdictional portion of Oil Backout Cost Recovery costs previously recovered from its ratepayers?

POSITION: This issue shall be deferred until the next fuel and purchase power cost recovery clause proceeding.

Generic Generating Performance Incentive Factor Issues

STIPULATED

ISSUE 12: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1994 through March, 1995?

POSITIONS:

FPC: \$183,528 reward.

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FPL: \$3,090,162 reward.

GULF: No reward or penalty.

TECO: \$471,209 penalty.

STIPULATED

ISSUE 13: What should the GPIF targets/ranges be for the period October, 1995 through March, 1996?

POSITIONS:

FPC: See Staff Attachment 1, Page 2 of 2.

FPL: See Staff Attachment 1, Page 2 of 2.

GULF: Presently, Staff and Gulf Power Company are having to adjust the reward/penalty amount for the October 1994 through March 1995 fuel adjustment period (Winter 1994 period) because the change in Plant Daniel's fuel supply was not accounted for when the heatrate targets were set. Those targets were based on historical data (covering the months April 1991 through March 1994) which were not comparable to the data of that fuel adjustment period.

The historical period used for the targets now being set for the October 1995 through March 1996 fuel adjustment period (Winter 1995 period) is April 1992 through March 1995. The data for the first thirty months in the historical period are not comparable with the data for the other six months or with the data which will be generated by the actual performance of the units during the Winter 1995 period. Therefore, the October 1995 through March 1996 heatrate targets for the Daniel units are now being changed to avoid a situation in the August 1996 fuel adjustment hearing similar to the present one. Gulf Power Company's Plant Daniel heatrates should be removed from the GPIF for the Winter 1995 period. (See Attachment 1, Page 2 of 2.)

TECO: See Attachment 1, Page 2 of 2.

Company-Specific GPIF Issues

Gulf Power Company

STIPULATED

ISSUE 14: Should Gulf Power Company's October 1994 through March 1995 GPIF Amount be adjusted to exclude Plant Daniel Unit 1 and Unit 2?

POSITION: Yes. Staff agrees with the company that the heatrates for Plant Daniel Units #1 and #2 should be removed from the calculation of the reward for the October 1994 through March 1995 period (Winter 1994 period).

Gulf Power Company changed the fuel supply for Plant Daniel Units #1 and #2 for the months in the Winter 1994 period. The newer fuel type was of a lower BTU content and a higher moisture content than the fuel previously burned. The effect of such a change is that actual heatrates are higher than those forecasted using the data from the months April 1991 through March 1994. The historical data were not comparable to the data generated by the performance of the Daniel units during the Winter 1994 period. When a change such as the change in the fuel supply for Plant Daniel occurs, it is customary to adjust heatrate targets or to eliminate them from the GPIF until an appropriate adjustment can be made. If no appropriate adjustment can be made, the heatrates remain out of the GPIF until there are enough historical data reflecting conditions comparable with the target period. Then targets may start being set using the normal procedure and the heatrates may start being included in the GPIF. For the Winter 1994 period, the heatrates for Plant Daniel were neither adjusted nor eliminated. The effect of the change in Plant Daniel's fuel supply were ignored when the heatrate targets were set.

Had the heatrate targets for the Daniel units been adjusted prior to the Winter 1994 period, there probably would have been a reward for all units combined. Based on the data available, no appropriate adjustment to the targets can be determined, and neither can the accompanying reward or penalty. Had the heatrate targets been eliminated from the GPIF, there would have been a reward of \$98,968. If the Daniel heatrates were not removed from the reward calculation, there would be a penalty for the period of \$185,052. Staff believes the appropriate reward is zero dollars since there is no way of determining what portion of the higher-than-forecasted heatrates are caused by the change in the fuel supply and what portion is caused by the actual performance of the units. Consequently, it is not possible to determine what the proper reward should be.

The effects of the change in the fuel supply on Plant Daniel's heatrates were overlooked when the Winter 1994 heatrate targets were being set. The effects of the change on the actual heatrates for the period and the unfavorable comparison of the targets and the actual heatrates were not brought to Staff's attention until the true-up filing was received in May. Adjustment or elimination of targets should occur prior to the fuel adjustment hearing in which they are set. The problem of this effect of the change in the fuel supply is being addressed by the company as a side effect of the fuel savings caused by the fuel change. Although there were dollars saved by the change in fuel supply at Plant Daniel, the savings is not the only consideration for eliminating the GPIF penalty which would be assessed if the Daniel units were not taken out of the GPIF for the Winter 1994 period. Whether fuel costs are prudently incurred is not the same question as whether fuel is burned efficiently. Situations similar to the present heatrate problem arise occasionally. As they do, the Commission should be promptly notified if previously set targets are not going to be compared to actual performance measures as monetary rewards or penalties are determined. Unusual circumstances should not be addressed in the fuel adjustment hearings in which rewards or penalties are being determined.

Generic Oil Backout Issues

STIPULATED

ISSUE 15: What is the final oil backout true-up amount for the October, 1994 through March, 1995 period?

POSITIONS:

FPL: \$6,647 underrecovery. However, if the Commission approves FPL's and staff's pending stipulation the final oil backout true-up amount will be zero.

TECO: \$222,410 overrecovery.

STIPULATED

ISSUE 16: What is the estimated oil backout true-up amount for the period April, 1995 through September, 1995?

POSITIONS:

FPL: \$131,367 underrecovery. However, if the Commission approves FPL's and staff's pending stipulation the estimated oil backout true-up amount will be zero.

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TECO: \$686,843 overrecovery.

STIPULATED

ISSUE 17: What is the total oil backout true-up amount to be collected during the period October, 1995 through March, 1996?

POSITIONS:

FPL: \$138,014 underrecovery. However, if the Commission approves FPL's and staff's pending stipulation the total oil backout true-up amount will be zero.

TECO: \$909,253 overrecovery. Pursuant to Order No. PSC-95-0580-FOF-EI issued in Docket No. 950379-EI on May 10, 1995, this amount should be collected during the period October 1, 1995 through December 31, 1995.

STIPULATED

ISSUE 18: What is the projected oil backout cost recovery factor for the period October, 1995 through March, 1996?

POSITIONS:

FPL: .013 cents/kwh. However, if the Commission approves FPL's and staff's pending stipulation the oil backout cost recovery factor will be zero.

TECO: .058 cents per KWH. Pursuant to Order No. PSC-95-0580-FOF-EI issued in Docket No. 950379-EI on May 10, 1995, this amount should be collected during the period October 1, 1995 through December 31, 1995.

Company Specific Oil Backout Issues

Florida Power & Light Company

STIPULATED

ISSUE 19: Should FPL's Oil Backout Clause be eliminated and, if so, how?

POSITION: Yes. The proposed methodology to eliminate the Oil Backout Clause is as follows:

Cost recovery through the oil-backout cost recovery clause, which is currently a rate of .012 cents per kwh, will cease with the final billing cycle in September 1995.

Any remaining true-up dollars related to oil-backout costs through September 1995 will be recovered or refunded as a one time line item adjustment to fuel costs through the fuel and purchased power cost recovery clause during the period April 1, 1996 through September 30, 1996.

Concurrent with ceasing recovery through the oil-backout cost recovery clause, the non-fuel energy charge for all base rates will be increased by .009 cents per kwh beginning with the first billing cycle in October 1995.

Beginning October 1995 for earning surveillance purposes, the oil-backout investment and expenses will be included as a part of regular operations in the rate base and the income statement.

Generic Capacity Cost Recovery Issues

STIPULATED

ISSUE 20: What is the appropriate final capacity cost recovery true-up amount for the period October, 1994 through March, 1995?

POSITIONS:

FPC: \$ 4,061,575 underrecovery.

FPL: \$4,856,873 overrecovery.

GULF: \$35,386 underrecovery.

TECO: \$667,853 underrecovery.

STIPULATED

ISSUE 21: What is the estimated capacity cost recovery true-up amount for the period April, 1995 through September, 1995?

POSITIONS:

FPC: \$3,449,626 overrecovery.

FPL: \$7,472,759 underrecovery.

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GULF: \$190,165 overrecovery.

TECO: \$622,234 overrecovery.

STIPULATED

ISSUE 22: What is the total capacity cost recovery true-up amount to be collected during the period October, 1995 through March, 1996?

POSITIONS:

FPC: \$611,949 underrecovery.

FPL: \$2,615,886 underrecovery.

GULF: \$154,779 overrecovery. To be collected during the period October 1995 through September 1996.

TECO: \$45,619 underrecovery.

STIPULATED

ISSUE 23: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October, 1995 through March, 1996?

POSITIONS:

FPC: \$122,003,909.

FPL: \$218,222,960.

GULF: \$11,805,117 for the period October, 1995 through September 1996.

TECO: \$11,347,579.

STIPULATED

ISSUE 24: What are the projected capacity cost recovery factors for the period October, 1995 through March, 1996?

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POSITIONS:

FPC:

<u>Rate Class</u>	<u>Cents/Kwh</u>
RS	1.073
GS-Trans.	.834
GS-Pri.	.843
GS-Sec.	.851
GS-100% L.F.	.587
GSD-Trans.	.699
GSD-Pri.	.706
GSD-Sec.	.713
CS-Trans.	.585
CS-Pri.	.591
CS-Sec.	.597
IS-Trans.	.586
IS-Pri.	.592
IS-Sec.	.598
Lighting	.214

FPL:

<u>RATE CLASS</u>	<u>CAPACITY RECOVERY FACTOR (\$/KW)</u>	<u>CAPACITY RECOVERY FACTOR (\$/KWH)</u>
RS1	-	0.00694
GS1	-	0.00680
GSD1	2.54	-
OS2	-	0.00473
GSLD1/CS1	2.58	-
GSLD2/CS2	2.59	-
GSLD3/CS3	2.48	-
CILCD/CILCG	2.58	-
CILCT	2.48	-
MET	2.68	-
OL1/SL1	-	0.00192
SL2	-	0.00458

<u>RATE CLASS</u>	<u>CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)</u>	<u>CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)</u>
ISST1D	.33	.15
SST1T	.31	.15
SST1D	.32	.15

POSITION: Yes. The nature of Gulf's purchased power capacity costs recovered through the capacity cost recovery factors, in conjunction with Gulf's seasonal differences in energy (Kwh) sales, is such that the current six-month recovery cycle causes a major difference in the recovery factors between the April-September and the October-March recovery periods. Gulf's capacity costs and Kwh sales do not vary as widely from year to year as they do from one of the current six-month recovery periods to the next. By changing the recovery cycle to one set of twelve-month factors established on an annual basis, Gulf's customers will benefit because the resulting factors will be levelized over the year.

Generic Aerial Coal Inventory Issue

STIPULATED

ISSUE 27: Should the Commission approve a permanent change in the frequency of aerial coal inventory surveys from quarterly to semi-annually?

POSITION: Yes. In Order Number PSC-93-0443-POF-EI, the Commission approved a change in the frequency of aerial coal inventory surveys from quarterly to semi-annually for a two year test period. Staff was directed to review the impact of less frequent surveys on inventory adjustments upon completion of this test period. Staff's analysis shows that performing aerial coal inventory surveys semi-annually as opposed to quarterly has had no significant impact on the coal inventory adjustments booked; therefore, the Commission should approve a permanent change in the frequency of aerial coal inventory surveys to semi-annually. In addition, each utility should provide aerial survey data to the Commission's Division of Electric and Gas upon performance of an aerial survey, whether or not the survey results in an adjustment to booked inventory. This will enable staff to continue to monitor future coal inventory adjustments.

VII. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Develle	FPC	<u>(DPD-1)</u>	True-up Variance Analysis
*Develle	FPC	<u>(DPD-2)</u>	Schedules A1 through A13

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Wieland	FPC	<u>(KHW-1)</u>	Forecast Assump- tions (Parts A - C), and Capacity Cost Recovery Factors (Part D)
*Wieland	FPC	<u>(KWH-2)</u>	Schedules E1 through E10 and H1
*Turner	FPC	<u>(LGT-1)</u>	Standard Form GPIF Schedules (Reward/Penalty)
*Turner	FPC	<u>(LGT-2)</u>	Standard Form GPIF Schedules (Targets/Ranges)
*Birkett	FPL	<u>(BTB-1)</u>	Appendix I/Fuel Cost Recovery True-Up Calcula- tion
*Birkett	FPL	<u>(BTB-2)</u>	Appendix II/ Capacity Cost Recovery True-Up Calculation
*Birkett	FPL	<u>(BTB-3)</u>	Appendix III/Oil Backout Cost Recovery True-Up Calculation
*Birkett	FPL	<u>(BTB-4)</u>	Appendix IV/A Schedules October 1994 - March 1995
*Birkett	FPL	<u>(BTB-5)</u>	Appendix II/Fuel Cost Recovery E- Schedules
*Birkett	FPL	<u>(BTB-6)</u>	Appendix III/Fuel Cost Recovery A Schedule

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Birkett	FPL	<u>(BTB-7)</u>	Appendix IV/ Capacity Cost Recovery Calcula- tion of Factors
*Birkett	FPL	<u>(BTB-8)</u>	Appendix V/Oil Backout Cost Recovery Calcula- tion of Factor
*Silva	FPL	<u>(RS-1)</u>	Appendix I/Fuel Cost Recovery Forecast Assump- tions
*Silva	FPL	<u>(RS-2)</u>	Document No. 1/ GPIF Results
*Silva	FPL	<u>(RS-3)</u>	Document No. 1/ GPIF Targets and Ranges
*Martin	FPUC	<u>(CMM-1)</u>	Schedules E1, E1- A, E1-B, E-1B-1, E2, E7, and E - 10 (Marianna Division)
			Schedules E1, E1- A, E1B, E1B-1, E2, E7, E8, and E10, (Fernandina Beach Division)
*Gilchrist	GULF	<u>(MLG-1)</u>	Gulf Power Company Coal Suppliers Oct. '94 - March '95
*Gilchrist	GULF	<u>(MLG-2)</u>	Gulf Power Company -- Projected vs. Actual Fuel of Generated Power

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Howell	GULF	<u>(MWH-1)</u>	Gulf Power Company -- Projected Purchased Power Capacity Transactions Oct. '95 - Sept. '96
*Cranmer	GULF	<u>(SDC-1)</u>	Calculation of fuel cost recovery final true-up, 10/94 through 3/95; Calculation of capacity cost recovery final true-up, 10/94 through 3/95; Calculation of capacity cost recovery true-up and interest provision, 10/94 through 3/95; Calculation of capacity cost recovery interest provision, 10/94 through 3/95
*Cranmer	GULF	<u>(SDC-2)</u>	Schedules E-1 through E-12; H-1; CCE-1; CCE-2; CCE-3; CCE-4; A-1 through A-12 for Dec. '94 - May '95
*Fontaine	GULF	<u>(GDF-1)</u>	Gulf Power Company GPIF Results Oct. '94 - March '95

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Fontaine	GULF	<u>(GDF-2)</u>	Gulf Power Company GPIF Targets and Ranges Oct. '95 - March '96
*Pennino	TECO	<u>(MJP-1)</u>	Levelized fuel cost recovery and capacity cost recovery final true-up, October 1994 - March 1995
*Pennino	TECO	<u>(MJP-2)</u>	Fuel adjustment projection, October 1995 - March 1996
*Pennino	TECO	<u>(MJP-3)</u>	Capacity cost recovery projection, October 1995 - March 1996
*Keselowsky	TECO	<u>(GAK-1)</u>	Generating Performance Incentive Factor Results, October 1994 - March 1995
*Keselowsky	TECO	<u>(GAK-2)</u>	GPIF Targets and Ranges for October 1995 - March 1996
*Keselowsky	TECO	<u>(GAK-3)</u>	Estimated Unit Performance Data, October 1995 - March 1996
*Cantrell and Townes	TECO	<u>(WNC/EAT-1)</u>	Schedules Supporting Oil Backout Cost Recovery Factor - Actual, October 1994 - March 1995

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By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 4th day of August, 1995.



J. TERRY DEASON, Commissioner and
Prehearing Officer

(S E A L)

VDJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

GPIF REWARDS/PENALTIES
 October 1994 to March 1995

Florida Power Corporation	\$183,528	Reward
Florida Power and Light Company	\$3,090,162	Reward
Gulf Power Company	\$0	
Tampa Electric Company	\$471,209	Penalty

Utility/ Plant/Unit	EAF		Heat Rate	
	Target	Adj. Actual	Target	Adj. Actual
FPC				
Anclote 1	90.8	89.8	9,905	10,023
Anclote 2	96.7	99.4	9,805	10,053
Crystal River 1	73.9	78.5	10,177	10,218
Crystal River 2	70.4	58.1	9,975	9,871
Crystal River 3	92.8	99.0	10,400	10,364
Crystal River 4	94.2	97.6	9,289	9,327
Crystal River 5	72.8	75.8	9,247	9,253
FPL				
Cape Canaveral 1	92.4	91.3	9,291	9,111
Cape Canaveral 2	89.9	91.2	9,338	9,473
Fort Lauderdale 4	92.6	97.2	7,225	7,225
Fort Lauderdale 5	92.7	98.4	7,198	7,166
Fort Myers 2	93.3	95.7	9,294	9,466
Manatee 2	95.7	97.2	9,758	10,029
Port Everglades 3	94.5	94.7	9,307	9,308
Putnam 1	94.2	95.5	8,670	8,765
Riviera 3	90.9	96.3	9,713	9,466
Riviera 4	82.8	82.4	9,672	9,665
Sanford 4	94.6	98.5	9,755	9,821
Sanford 5	94.1	93.2	9,692	9,478
Scherer 4	84.3	84.0	9,833	9,814
St. Johns River 1	76.8	78.8	9,336	9,510
St. Johns River 2	95.1	96.3	9,375	9,420
St. Lucie 1	60.6	59.7	10,854	10,810
St. Lucie 2	91.6	97.2	10,763	10,869
Turkey Point 3	93.6	97.3	10,865	10,882
Turkey Point 4	60.6	60.3	11,002	10,862
Gulf				
Crist 6	63.6	87.6	10,410	10,341
Crist 7	69.2	88.1	10,317	10,110
Smith 1	87.7	90.7	10,137	10,228
Smith 2	84.8	86.9	10,237	10,303
Daniel 1	85.4	86.0	10,267	10,557
Daniel 2	94.8	88.2	9,923	10,130
TECO				
Big Bend 1	85.4	91.8	9,957	9,935
Big Bend 2	62.3	58.4	9,895	9,932
Big Bend 3	69.4	70.6	9,610	9,926
Big Bend 4	89.4	87.6	9,832	10,092
Gannon 5	88.1	94.2	10,454	10,524
Gannon 6	75.9	81.2	10,288	10,662

GPIF TARGETS
 October 1995 to March 1996

Utility/ Plant/Unit	Equivalent Availability			Staff	Heat Rate	
	Company				Company	Staff
FPC	EAF	POF	EUOF			
Anclote 1	98.7	1.1	0.2	Agree	9,679	Agree
Anclote 2	81.1	18.6	0.4	Agree	9,703	Agree
Crystal River 1	85.9	2.7	11.4	Agree	10,124	Agree
Crystal River 2	60.3	24.6	15.1	Agree	9,767	Agree
Crystal River 3	79.8	17.5	2.7	Agree	10,382	Agree
Crystal River 4	94.0	0.0	6.0	Agree	9,329	Agree
Crystal River 5	94.5	0.0	5.5	Agree	9,160	Agree
FPL	EAF	POF	EUOF			
Cape Canaveral 1	91.1	0.0	8.9	Agree	9,330	Agree
Cape Canaveral 2	90.8	0.0	9.2	Agree	9,436	Agree
Fort Lauderdale 4	87.7	8.7	3.6	Agree	7,288	Agree
Fort Lauderdale 5	87.7	8.7	3.6	Agree	7,248	Agree
Fort Myers 2	94.1	0.0	5.9	Agree	9,308	Agree
Port Everglades 3	83.1	8.7	8.2	Agree	9,133	Agree
Port Everglades 4	96.0	0.0	4.0	Agree	9,132	Agree
Putnam 1	96.0	0.0	4.0	Agree	8,777	Agree
Putnam 2	95.3	0.0	4.7	Agree	8,596	Agree
Scherer 4	96.0	0.0	4.0	Agree	9,939	Agree
St. John's River 1	96.0	0.0	4.0	Agree	9,335	Agree
St. Lucie 1	89.6	3.3	7.1	Agree	10,828	Agree
St. Lucie 2	58.8	29.0	12.2	Agree	10,856	Agree
Turkey Point 1	82.9	13.7	3.4	Agree	9,279	Agree
Turkey Point 2	95.2	0.0	4.8	Agree	9,524	Agree
Turkey Point 3	79.8	14.8	5.4	Agree	10,874	Agree
Turkey Point 4	76.8	16.9	6.3	Agree	10,912	Agree
Gulf	EAF	POF	EUOF			
Crist 6	88.9	4.4	6.7	Agree	10,892	Agree
Crist 7	44.3	44.3	11.5	Agree	10,898	Agree
Smith 1	95.9	0.6	3.5	Agree	10,144	Agree
Smith 2	84.7	13.7	1.7	Agree	10,166	Agree
Daniel 1	47.4	42.6	10.0	Agree	n/a	Agree
Daniel 2	80.3	14.2	5.5	Agree	n/a	Agree
TECO	EAF	POF	EUOF			
Big Bend 1	85.4	0.0	14.6	Agree	9,931	Agree
Big Bend 2	67.9	21.3	10.8	Agree	9,837	Agree
Big Bend 3	87.4	0.0	12.6	Agree	9,596	Agree
Big Bend 4	32.9	8.7	8.4	Agree	9,989	Agree
Gannon 5	63.6	28.4	8.0	Agree	10,178	Agree
Gannon 6	81.9	3.8	14.3	Agree	10,348	Agree