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7/22 8¹⁰ am

July 21, 1994

**ORIGINAL
FILE COPY**

Martha Brown, Esq.
Legal Division
Florida Public Service Commission
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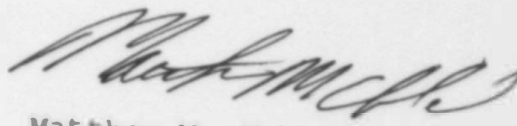
RE: **DOCKET NO. 940001-BI**

Dear Ms. Brown:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Prehearing Statement in the above referenced docket.

Also enclosed is a formatted double sided high density 3.5 inch diskette containing Florida Power & Light Company's Prehearing Statement.

Very truly yours,



Matthew M. Childs, P.A.

ACK	✓	
AFA	_____	
APP	_____	
CAF	_____	
CHU	_____	
CTR	_____	
ETG	6	<i>MMC/ed</i>
LEG	<i>Brown</i>	cc: All Parties of Record
LDL	3	
OPD	_____	
BSH	_____	
SJL	1	
W'S	_____	
W'P	_____	

RECEIVED & FILED
Mes
EPSC-BUREAU OF RECORDS

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DOCUMENT NUMBER-DATE
07422 JUL 21 8
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Investigation Of Fuel
Cost Recovery Clauses Of
Electric Companies

DOCKET NO. 940001-EI

FILED: JULY 21, 1994

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-94-0818-PCO-EI, issued July 5, 1994, establishing the prehearing procedure in this docket, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

Matthew M. Childs, P.A.
Steel Hector & Davis
215 South Monroe Street
Suite 601
Tallahassee, FL 32301

B. WITNESSES

WITNESS

R. SILVA
D. C. POTERALSKI
B. T. BIRKETT

R. SILVA

B. T. BIRKETT

B. T. BIRKETT

SUBJECT MATTER

Fuel Adjustment,
True-Up and Projections

GPIF, True-Up and
Projections

Oil Backout, True-Up
and Projections

Capacity Cost Recovery,
True-Up and Projections

ISSUES

1, 2, 3
4, 5, 6, 7, 7a

8, 9

10, 11
12, 13

14, 15, 16,
17, 18, 18a,
18b

C. EXHIBITS

EXHIBITS

WITNESS

DESCRIPTION

(BTB-1)

B. T. BIRKETT

Appendix I/Fuel Cost
Recovery True-Up Calculation

(BTB-2)

B. T. BIRKETT

Appendix II/Capacity Cost
Recovery True-Up Calculation

(BTB-3)

B. T. BIRKETT

Appendix III/Oil Backout Cost
Recovery True-Up Calculation

(BTB-4)

B. T. BIRKETT

Appendix IV/A Schedules
October 1993 - March 1994

(RS-1)

R. SILVA

Appendix I/Fuel Cost Recovery
Forecast Assumptions

(BTB-5)

B. T. BIRKETT

Appendix II/Fuel Cost Recovery
Calculation of Factor

(BTB-6)

B. T. BIRKETT

Appendix III/Fuel Cost
Recovery Estimated/Actual
True-Up Calculation

(BTB-7)

B. T. BIRKETT

Appendix IV/Capacity Cost
Recovery Calculation of Factors

(BTB-8)

B. T. BIRKETT

Appendix V/Oil Backout Cost
Recovery Calculation of Factor

(RS-2)

R. SILVA

Document No. 1/GPIF Results
Document No. 1/GPIF Targets
and Ranges

(RS-3)

R. SILVA

Fuel Cost Recovery,
Calculation of Factor
Revised

(BTB-9)

B. T. BIRKETT

D. STATEMENT OF BASIC POSITION

None Necessary.

B. STATEMENT OF ISSUES AND POSITIONS

FUEL ADJUSTMENT ISSUES

1. What is the final fuel true-up amount for the period October 1, 1993 through March 31, 1994?

FPL: \$2,066,794 overrecovery. (BIRKETT)

2. What is the estimated/actual fuel true-up amount for the period April 1, 1994 through September 30, 1994 which are based upon two months actual and four months revised estimates?

FPL: \$32,451,868 overrecovery. (BIRKETT)

3. What is the total fuel true-up to be refunded during the period October 1, 1994 through March 31, 1995?

FPL: \$34,518,662 overrecovery. (BIRKETT)

4. What should be the effective date of the new fuel adjustment charge, oil backout cost recovery charge, conservation cost recovery charge, and capacity cost recovery charge for billing purposes?

FPL: The Company is requesting that these new charges become effective starting with meter readings scheduled to be read on or after October 1, 1994 (Cycle Day 3) and continue through March 31, 1995 (Cycle Day 2). Billing cycles may start before October 1, 1994, and the last cycle may be read after March 31, 1995, so that each customer is billed for six months regardless of when the adjustment factor became effective. (BIRKETT)

5. What are the appropriate levelized fuel adjustment factors for the period October 1, 1994 through March 31, 1995?

FPL: 1.567 cents/kwh is the levelized recovery charge for non-time differentiated rates and 1.673 cents/kwh and 1.525 cents/kwh are the levelized fuel recovery charges for the on-peak and off-peak periods, respectively, for the differentiated rates. (BIRKETT)

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?

FPL: See response to Issue 7.

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

FPL:

GROUP	RATE SCHEDULE	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1,GS-1,SL-2	1.00210	1.570
A-1*	SL-1,OL-1	1.00210	1.552
B	GSD-1	1.00204	1.570
C	GSLD-1 & CS-1	1.00089	1.568
D	GSLD-2,CS-2,OS-2 & MET	0.99443	1.558
E	GSLD-3 & CS-3	0.96091	1.506
A	RST-1,GST-1 ON-PEAK OFF-PEAK	1.00210 1.00210	1.677 1.529
B	GSDT-1 & ON-PEAK CILC-1(G) OFF-PEAK	1.00204 1.00204	1.677 1.528
C	GSLDT-1 & ON-PEAK CST-1 OFF-PEAK	1.00089 1.00089	1.675 1.527
D	GSLDT-2 & ON-PEAK CST-2 OFF-PEAK	0.99443 0.99443	1.664 1.517
E	GSLDT-3,CST-3, ON-PEAK CILC-1(T) OFF-PEAK & ISST-1(T)	0.96091 0.96091	1.608 1.466
F	CILC-1(D) ON-PEAK ISST-1(D) OFF-PEAK ISST-1(D)	0.99758 0.99758	1.669 1.522 (BIRKETT)

COMPANY SPECIFIC FUEL ISSUES

7a. Should FPL's request to change to a weighted kWh allocation method for Fuel Cost Recovery be approved?

FPL: Yes. FPL is proposing to change the method of allocating fuel costs among the rate classes. The current method charges all rate classes the same average cost per kWh. In the Company's proposal the kWh's consumed in each hour are such that kWh's consumed in hours with higher loads are allocated a higher proportion of fuel costs and vice versa.

FPL believes this allocation method is more appropriate because this method addresses the fact that costs of each kWh consumed are not the same during every hour of the day due to the differences in prices between fuels and efficiencies between generating units.

FPL agrees with Staff to defer this issue to the February 1995 hearings. FPL's fuel factors included in this Prehearing Statement have been revised to reflect this deferral. (BIRKETT)

GPIF ISSUES

8. What should the GPIF Rewards/Penalties be for the period of October 1, 1993 through March 31, 1994?

FPL: \$3,107,919 reward. (SILVA)

9. What should the GPIF targets/ranges be for the period of October 1, 1994 through March 31, 1995?

FPL:

PLANT/UNIT	EQUIVALENT AVAILABILITY FACTOR (%)	AVERAGE NET OPERATING HEAT RATE (BTU/KWH)
CAPE CANAVERAL 1	92.4	9291
CAPE CANAVERAL 2	89.9	9338
LAUDERDALE 4	92.6	7225
LAUDERDALE 5	92.7	7198
FORT MYERS 2	93.3	9294
MANATEE 2	95.7	9758
PORT EVERGLADES 3	94.5	9307

PLANT/UNIT	EQUIVALENT AVAILABILITY FACTOR (%)	AVERAGE NET OPERATING HEAT RATE (BTU/KWH)
PUTNAM 1	94.2	8670
ST. JOHNS RIVER 1	76.8	9336
ST. JOHNS RIVER 2	95.1	9375
RIVIERA 3	90.9	9713
RIVIERA 4	82.8	9672
SANFORD 4	94.6	9755
SANFORD 5	94.1	9696
TURKEY POINT 3	93.6	10965
TURKEY POINT 4	60.6	11002
ST. LUCIE 1	60.6	10854
ST. LUCIE 2	91.6	10763
SCHERER 4	84.3	<u>9833</u>
GPIF SYSTEM WEIGHTED AVERAGE HR		9698 (SILVA)

OIL BACKOUT ISSUES

10. What is the final Oil Backout True-Up amount for the period October 1, 1993 through March 31, 1994?

FPL: \$257,863 overrecovery. (BIRKETT)

11. What is the estimated/actual Oil Backout True-Up amount for the period April 1, 1994 through September 30, 1994?

FPL: \$250,389 overrecovery. (BIRKETT)

12. What is the total Oil Backout True-Up amount to be collected during the period October 1, 1994 through March 31, 1995?

FPL: \$508,252 overrecovery. (BIRKETT)

13. What is the Projected Oil Backout Cost Recovery Factor that should be used by the Company for the period October 1, 1994 through March 31, 1995?

FPL: .011 cents/kwh. (BIRKETT)

CAPACITY COST RECOVERY ISSUES

14. What is the final capacity true-up amount for the period October 1, 1993 through March 31, 1994?

FPL: \$8,570,760 overrecovery. (BIRKETT)

15. What is the estimated/actual capacity true-up amount for the period April 1, 1994 through September 30, 1994, which are based upon two months actual and four months revised estimates?

FPL: \$8,210,602 overrecovery. (BIRKETT)

16. What is the total capacity true-up amount to be collected during the period October 1, 1994 through March 31, 1995?

FPL: \$16,781,361 overrecovery. (BIRKETT)

17. What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October 1994 through March 1995?

FPL: \$152,074,783 (BIRKETT)

18. What are the appropriate Capacity Cost Recovery Factors for each rate group?

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR (\$/KW)	CAPACITY RECOVERY FACTOR (\$/KWH)
RS1`	-	-
GS1	-	-
GSD1	1.69	0.00517
OS2	-	0.00458
GSLD1/CS1	1.76	-
GSLD2/CS2	1.78	0.00286
GSLD3/CS3	1.76	-
	7	-

RATE CLASS

CILCD/CILCG
 CILCT
 MET
 OL1/SL1
 SL2

CAPACITY RECOVERY
 FACTOR (\$/KW)

1.68
 1.60
 1.83
 -
 -

CAPACITY RECOVERY
 FACTOR (\$/KWH)

-
 -
 -
 0.00135
 0.00325

RATE CLASS

ISST1D
 SST1T
 SST1D

CAPACITY RECOVERY
 FACTOR (RDC) (\$/KW)

.23
 .22
 .23

CAPACITY RECOVERY
 FACTOR (SDD) (\$/KW)

.11
 .10
 .11

COMPANY SPECIFIC CAPACITY ISSUES

18a. Should FPL's proposal to change the application of the capacity charge from the current reservation or contract demand charge to a reservation component and a daily demand component for standby customers (taking service under Schedule SST-1 or ISST-1) be approved?

FPL: Yes. FPL proposes to change the method by which capacity costs are recovered from standby customers taking service under Schedule SST-1 or ISST-1. This proposal would change the application of the capacity charge from the current reservation or contract demand charge to a combination of a reservation component and a daily demand component. FPL believes this recovery method is appropriate because the proposed method of recovery calculates and applies the reservation component and daily demand component the same way as it was approved in our base rates by the Commission in Docket No. 850673-EU, Order No. 17159, daily-reservation demand component. (BIRKETT)

18b. Was it appropriate for FPL to change the amount of the annual capacity credit associated with the St. Johns River Power Park from \$63,975,761 to \$56,945,592?

FPL: Yes. Consistent with Order No. PSC-93-0047-FOF, issued on January 12, 1993, the credit was adjusted to reflect all capacity revenues and expenses included in base rates. (BIRKETT)

F. STIPULATED ISSUES

None at this time.

G. MOTIONS

FPL is aware of no outstanding Motions at this time.

Respectfully submitted,

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Attorneys for Florida Power
& Light Company

BY:


Matthew M. Childs, P.A.

**CERTIFICATE OF SERVICE
DOCKET NO. 940001-BI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished by Hand Delivery* or U. S. Mail this 21st day of July, 1994, to the following:

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