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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power	)	DOCKET NO. 950001-EI
Cost Recovery Clause and	)	
Generating Performance Incentive	)	FILED: FEBRUARY 13, 1995
Factor.	)	

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-95-0106-PCO-EI, the Staff of the Florida Public Service Commission files its Prehearing Statement.

- a. All Known Witnesses  
None for Staff.
- b. All Known Exhibits  
None for Staff at this time.
- c. Staff's Statement of Basic Position  
None.
- d. Staff's Position on the Issues

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.

Generic Fuel Adjustment Issues

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period April, 1994 through September, 1994?

POSITION:

<del>_____</del>	FPC:	\$2,284,495 underrecovery.
AP	FPL:	\$6,684,993 underrecovery.
CP	FPUC:	Marianna: \$230,486 underrecovery.
CM		Fernandina Beach: \$25,350 underrecovery.
CTR		
EAG	GULF:	\$2,394,382 underrecovery.
LEG	TECO:	\$3,968,565 overrecovery.
_____		
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FPSC-RECORDS/REPORTING

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**ISSUE 2:** What are the estimated fuel adjustment true-up amounts for the period October, 1994 through March, 1995?

**POSITION:**

FPC: \$12,575,671 overrecovery.  
FPL: \$21,299,545 overrecovery.  
FPUC: Marianna: \$86,548 overrecovery.  
Fernandina Beach: \$162,890 overrecovery.  
GULF: Staff takes no position at this time.  
TECO: \$2,455,113 overrecovery.

**ISSUE 3:** What are the total fuel adjustment true-up amounts to be collected during the period April, 1995 through September, 1995?

**POSITION:**

FPC: \$10,291,176 overrecovery.  
FPL: \$14,614,552 overrecovery.  
FPUC: Marianna: \$143,938 underrecovery.  
Fernandina Beach: \$137,540 overrecovery.  
GULF: Staff takes no position at this time.  
TECO: \$6,423,678 overrecovery.

**ISSUE 4:** What are the appropriate levelized fuel cost recovery factors for the period April, 1995 through September, 1995?

**POSITION:**

FPC: Staff takes no position at this time.  
FPL: No position at this time pending resolution of company-specific issues.

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FPUC: Marianna: 3.221  
Fernandina Beach: 3.584  
GULF: No position at this time pending resolution of  
company-specific issues.  
TECO: 2.386

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

POSITION: The factor should be effective beginning with the specified fuel cycle and thereafter for the period April, 1995 through September, 1995. Billing cycles may start before April 1, 1995, and the last cycle may be read after September 30, 1995, so that each customer is billed for six months regardless of when the adjustment factor became effective.

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?

POSITION:

FPC: Staff takes no position at this time.  
FPL: Staff takes no position at this time.  
FPUC: Marianna:  
Staff takes no position at this time.  
Fernandina Beach:  
Staff takes no position at this time.  
GULF: Staff takes no position at this time.  
TECO: Staff takes no position at this time.

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

**POSITION:**

FPC: Staff takes no position at this time.  
FPL: Staff takes no position at this time.  
FPUC: Marianna:  
Staff takes no position at this time.  
Fernandina Beach:  
Staff takes no position at this time.  
GULF: Staff takes no position at this time.  
TECO: Staff takes no position at this time.

**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 April through September, 1995?

**POSITION:**

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

**ISSUE 9:** Is it appropriate to recover the cost of SO<sub>2</sub> emission allowances through the Fuel and Purchased Cost Recovery Clause?

**POSITION:** The cost of SO<sub>2</sub> emission allowances are more appropriately recovered through the Environmental Cost Recovery Clause. However, if a utility is not participating in the ECRC, then it would be appropriate to recover these costs through the Fuel and Purchased Power Cost Recovery Clause. Although, at such time a

utility begins participating in the ECRC, any SO<sub>2</sub> emission allowance costs should be removed from the Fuel clause and recovered through the ECRC.

Company-Specific Fuel Adjustment Issues

Florida Power and Light Company

ISSUE 10A: Is FPL's proposed new methodology for allocating fuel costs to the various customer classes appropriate?

POSITION: Staff takes no position at this time.

ISSUE 10B: Is it appropriate for Florida Power and Light Company to recover \$2,754,502 for modifications made to generating units through the Fuel and Purchased Power Cost Recovery Clause?

POSITION: Staff takes no position at this time.

Issues Proposed by Parties

Office of Public Counsel

Generic

Should the Commission continue to allow electric utilities to retain 20% of the gain on economy sales?

POSITION: Staff takes no position at this time.

Florida Steel

Florida Power and Light

- (a) Whether, as Florida Steel contends is the case, the rate of return on equity of 12.8% (+ 1.0%) currently allowed FPL is excessive and results in rates that are unjust and unreasonable within the meaning of section 266.06, Florida Statutes, and whether these excessive amounts should be deducted from the fuel charges.

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POSITION: Staff recommends that this issue is not appropriate for consideration in the fuel cost recovery proceeding. The issue is a rate case issue.

- (b) Whether, as Florida Steel contends is the case, the rate of return on equity which FPL in fact earned during 1994 and is expected to earn during 1995 is in excess of the currently allowed rate of return of 12.8% ( $\pm$  1.0%), resulting in rates that are unjust, unreasonable and in violation of law within the meaning of section 366.06, Florida Statutes, and whether these excessive amounts should be deducted from the fuel charges.

POSITION: Staff recommends that this issue is not appropriate for consideration in the fuel cost recovery proceeding. The issue is a rate case issue.

- (c) Whether, as Florida Steel contends is the case, FPL acted imprudently in delaying until 1993, and not implementing at an earlier time, its major cost reduction program, including a workforce reduction of some 1,700 positions, which resulted in a \$138 million pretax charge to its earnings as reflected in its December 31, 1993 financial statements, thereby resulting in rates that are unjust and unreasonable within the meaning of section 366.06, Florida Statutes.

POSITION: Staff recommends that this issue is not appropriate for consideration in the fuel cost recovery proceeding. The issue is a rate case issue.

Generic Generating Performance Incentive Factor Issues

ISSUE 11: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1994 through September, 1994?

POSITION:  
FPC: Staff takes no position at this time.  
FPL: Staff takes no position at this time.

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GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

ISSUE 12: What should the GPIF targets/ranges be for the period April, 1995 through September, 1995?

POSITION:

FPC: Staff takes no position at this time.

FPL: Staff takes no position at this time.

GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

Company-Specific GPIF Issues

Florida Power and Light Company

ISSUE 13: Should the forced outage hours for St. Lucie Unit 1 be adjusted to remove the outage hours caused by the June 6, 1994 severe thunderstorm?

POSITION: Staff takes no position at this time.

Generic Oil Backout Issues

ISSUE 14: What is the final oil backout true-up amount for the April, 1994 through September, 1994 period?

POSITION:

FPL: \$11,602 overrecovery.

TECO: \$30,836 underrecovery.

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

POSITION:

FPL: \$527,531 underrecovery.

TECO: \$183,974 overrecovery.

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**ISSUE 16:** What is the total oil backout true-up amount to be collected during the period April, 1995 through September, 1995?

**POSITION:**

FPL: \$515,929 underrecovery.

TECO: \$153,138 overrecovery.

**ISSUE 17:** What is the projected oil backout cost recovery factor for the period April, 1995 through September, 1995?

**POSITION:**

FPL: .012 ¢/KWH.

TECO: .081 ¢/KWH.

**Company-Specific Oil Backout Issues**

Staff knows of no company-specific oil backout issues at this time.

**Generic Capacity Cost Recovery Issues**

**ISSUE 18:** What is the appropriate final capacity cost recovery true-up amount for the period April, 1994 through September, 1994?

**POSITION:**

FPC: \$6,943,182 overrecovery.

FPL: \$2,159,836 overrecovery.

GULF: \$221,434 overrecovery.

TECO: No position at this time, pending resolution of company-specific issues.



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**ISSUE 19:** What is the estimated capacity cost recovery true-up amount for the period October, 1994 through March, 1995?

**POSITION:**

FPC: \$4,552,921 underrecovery.  
FPL: \$12,962,747 overrecovery.  
GULF: \$101,423 underrecovery.  
TECO: No position at this time pending resolution of company-specific issues.

**ISSUE 20:** What is the total capacity cost recovery true-up amount to be collected during the period April, 1995 through September, 1995?

**POSITION:**

FPC: \$2,908,435 underrecovery.  
FPL: \$15,122,583 overrecovery.  
GULF: \$120,011 overrecovery.  
TECO: No position at this time pending resolution of company-specific issues.

**ISSUE 21:** What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period April, 1995 through September, 1995?

**POSITION:**

FPC: \$115,781,701 overrecovery.  
FPL: \$144,171,942 overrecovery.  
GULF: \$2,672,392 overrecovery.  
TECO: No position at this time pending resolution of company-specific issues.

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**ISSUE 22:** What are the projected capacity cost recovery factors for the period April, 1995 through September, 1995?

**POSITION:**

FPC: Staff takes no position at this time.

FPL: Staff takes no position at this time.

GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

**Company-Specific Capacity Cost Recovery Issues**

Florida Power Corporation

**ISSUE 23:** Is it appropriate for Florida Power Corporation to combine the capacity cost responsibilities of its RS and GS non-demand rate classes in the capacity cost recovery clause?

**POSITION:** Staff takes no position at this time.

Tampa Electric Company

**ISSUE 24A:** Should the \$1,106,760 "Option Payment" that Tampa Electric received from Polk in 1993 be treated as a credit in the capacity cost recovery clause?

**POSITION:** Staff takes no position at this time.

**ISSUE 24B:** Other than economy sales and revenues from the seven entities that were separated out in TECO's last rate case, should Tampa Electric credit all nonfuel revenues from offsystem sales back to the retail ratepayers through the fuel adjustment clause and the capacity cost recovery clause?

**POSITION:** Staff takes no position at this time.

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Respectfully submitted this 13th day of February, 1995.

Respectfully submitted,

Martha Carter Brown  
MARTHA CARTER BROWN  
VICKI D. JOHNSON

Staff Counsel

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Cost Recovery Clause and )  
Generating Performance Incentive ) FILED: FEBRUARY 13, 1995  
Factor. )  
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one copy of Staff's Prehearing Statement has been furnished by U.S. Mail this 13th day of February, 1995, to the following:

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DOCKET NO. 50001-EI  
CERTIFICATE OF SERVICE

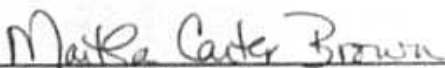
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