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August 7, 1996

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

ACK _____

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APP _____

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OPC _____

RCH _____

SEC _____

WAS _____

OTH _____

Re: Fuel and Purchased Power Cost Recovery Clause
with Generating Performance Incentive Factor;
FPSC Docket No. 960001-EI

Dear Ms. Bayo:

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

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,

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

James D. Beasley

JDB/pp
Enclosures

cc: All Parties of Record (w/enc.)

DOCUMENT NUMBER-DATE

08294 AUG-7 96

FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 960001-EI
FILED: August 7, 1996

**TAMPA ELECTRIC COMPANY'S
STATEMENT OF ISSUES AND POSITIONS**

Tampa Electric Company ("Tampa Electric" or "the company") hereby submits its Statement of the Issues and Positions to be taken up at the hearing scheduled to commence on August 29, 1996 in the above docket.

FUEL ADJUSTMENT

Issue No. 1: What is the appropriate final true-up amount for Tampa Electric Company for the October, 1995 through March 1996 period?

Tampa Electric's Position: An over/(under)-recovery of (\$5,676,277). (Witness: Pennino)

Issue No. 2: What is the appropriate projected fuel adjustment true-up amount for the period April 1, 1996 through September 30, 1996, based upon actual data for the period April 1, 1996 through May 31, 1996 and revised estimates for the period June 1, 1996 through September 30, 1996?

Tampa Electric's Position: An over/(under)-recovery of \$1,157,170. (Witness: Pennino)

Issue No. 3: What is the total fuel adjustment true-up amount to be collected during the period October 1996 through March 1997?

DOCUMENT NUMBER-DATE

08294 AUG-7 96

FPSC-RECORDS/REPORTING

Tampa Electric's Position: An over/(under)-recovery of (\$4,519,107). (Witness: Pennino)

Issue No. 4: What is the appropriate levelized fuel adjustment factor for Tampa Electric to apply during the period October 1, 1996 through March 31, 1997?

Tampa Electric's Position: 2.401 cents per KWH before application of the factors which adjust for variations in line losses. (Witness: Pennino)

CAPACITY COST RECOVERY

Issue No. 5: What is the final capacity cost recovery true-up amount for the October, 1995 through March, 1996 period?

Tampa Electric's Position: An over/(under)-recovery of \$785,067. (Witness: Pennino)

Issue No. 6: What is the estimated capacity cost recovery true-up amount for the period April, 1996 through September, 1996?

Tampa Electric's Position: An over/(under)-recovery of \$318,287. (Witness: Pennino)

Issue No. 7: What is the total capacity cost recovery true-up amount to be collected during the period October, 1996 through March, 1997?

Tampa Electric's Position: An over/(under)-recovery of \$1,103,354. (Witness: Pennino)

Issue No. 8: What is the projected capacity cost recovery factor for the period October, 1996 through March, 1997?

Tampa Electric's Position: .149 cents per KWH before applying the 12 CP and 1/13 allocation methodology, and producing

the capacity recovery factors by rate schedule. (Witness: Pennino)

GPIF

Issue No. 9: What is the appropriate GPIF reward or penalty for performance achieved during the period October 1995 through March, 1996?

Tampa Electric's Position: Penalty of (\$104,014) (adjusted to include regulatory assessment fee of one-twelfth of one-percent) for performance experienced during the period October 1, 1995 through March 31, 1996. (Witness: Keselowsky)

Issue No. 10: What should the GPIF targets and ranges be for the period October 1996 through March 1997?

Tampa Electric's Position: As set forth in Attachment "A" attached to the Prepared Direct Testimony of George A. Keselowsky. (Witness: Keselowsky)

REFUND CREDIT FACTOR

Issue No. 11: How should Tampa Electric be authorized to implement the refund credit factor as agreed to in the Stipulation approved in Docket No. 950379-EI, Order No. PSC-96-0760-S-EI?

Tampa Electric's Position: The Commission should approve a refund credit factor to refund \$25,000,000 plus interest over a one year period. All customer bills beginning with the new fuel adjustment charge in October 1996 should reflect a refund credit. The company has calculated that the retail average refund credit factor beginning in October 1996 is 0.173 cents per kwh before

application of the factors which adjust for variations in line losses. Tampa Electric proposes to reflect the refund credit as a line item credit on customers' bills. (Witness: Pennino)

OPC'S GENERIC ISSUE REGARDING OFF-SYSTEM SALES
(Deferred from February 1996 Fuel Adjustment Hearing)

Issue No. 12: Should an electric utility be permitted to include, for retail fuel cost recovery purposes, fuel costs of generation at any of its units which exceed, on a cents-per-kilowatt-hour basis, the average fuel cost of total generation (wholesale plus retail) out of those same units?

Tampa Electric's Position: The issue is unclear and easily misunderstood as it is worded. However, based on the Office of Public Counsel's Prehearing Statement from the February 1996 fuel hearing, discussions with OPC and OPC witness Larkin's testimony, Tampa Electric has come to realize that the intent of OPC's issue is to question whether it is appropriate to price off-system sales at incremental cost.


Tampa Electric believes that wholesale sales at incremental cost are in the best interest of retail customer, so long as there are overall system benefits. For example, the pricing of economy broker transactions throughout the state is based on incremental cost. OPC's contrary view fails to consider the entire economic benefit from off-system sales on retail customers and is based on an erroneous and artificial distinction between short-term sales and longer term separated off-system sales.

In point of fact, the Commission has previously specifically reviewed and approved Tampa Electric's use of incremental fuel cost in off-system sales transactions in prior fuel adjustment proceedings. In addition, the Commission reviewed the overall treatment of Tampa Electric's wholesale sales in the company's last rate case.

Based on the foregoing and the other considerations discussed in the direct and rebuttal testimony of Tampa Electric witness, Mr. John B. Ramil, OPC's position on this issue, as set forth in the testimony of witness Larkin, should be rejected. (Witness: Ramil)

DATED this 7th day of August, 1996.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Statement of Issues and Positions, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 7th day of August, 1996 to the following:

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