

ORIGINAL
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power) DOCKET NO. 960001-EI
Cost Recovery Clause and)
Generating Performance Incentive) FILED: August 12, 1996
Factor.)
_____)

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-96-0816-PCO-EI the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

None.

b. All Known Exhibits

None.

c. Staff's Statement of Basic Position

Staff takes no basic statement of position pending the evidence developed at hearing.

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 stated herein.

d. Staff's Position on the Issues

Generic Fuel Adjustment Issues

ISSUE 1:

What are the appropriate final fuel adjustment true-up amounts for the period October, 1995 through March, 1996?

POSITION:

FPC: \$24,078,025 Underrecovery
FPL: \$17,157,052 Underrecovery
FPUC: Marianna: \$305,558 Underrecovery
Fernandina Beach: \$155,552 Underrecovery

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
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EAG _____
LEG _____
LIN 3
OPC _____
RCH _____
SEC 1
WAS _____
JTH _____

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FPSC-RECORDS/REPORTING

GULF: \$7,291,590 Underrecovery
TECO: \$5,676,277 Underrecovery

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period April, 1996 through September, 1996?

POSITION:

FPC: \$22,768,661 Underrecovery
FPL: \$88,480,000 Underrecovery
FPUC: Marianna: \$145,351 Underrecovery
Fernandina Beach: \$95,956 Underrecovery
GULF: \$2,727,188 Underrecovery
TECO: \$1,157,170 Overrecovery

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected/refunded during the period October, 1996 through March, 1997?

POSITION:

FPC: \$46,846,686 Underrecovery
FPL: No position at this time pending resolution of company-specific issue.
FPUC: Marianna: \$450,909 Underrecovery
Fernandina Beach: \$251,508 Underrecovery
GULF: \$10,018,778 Underrecovery
TECO: \$4,519,107 Underrecovery

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period October, 1996 through March, 1997?

POSITION:

FPC: 2.054 ¢/kWh
FPL: No position at this time pending resolution of company-specific issue.
FPUC: Marianna: No position at this time.
Fernandina Beach: No position at this time.
GULF: 2.317 ¢/kWh
TECO: 2.401 ¢/kWh

ISSUE 5: What should be the effective date of the new fuel adjustment 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, 1996 through March, 1997. Billing cycles may start before October 1, 1996, and the last cycle may be read after March 31, 1997, 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: Group	Rate Schedules	Line Loss Multiplier
A	Transmission Delivery	0.98000
B	Distribution Primary Delivery	0.99000
C	Distribution Secondary Delivery	1.00000
D	OL-1, SL-1	1.00000

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FPL:	<u>Group</u>	<u>Rate Schedules</u>	<u>Line Loss Multiplier</u>
	A	RS-1, RST-1, GST-1, GS-1, SL-2	1.00201
	A-1	SL-1, OL-1	1.00201
	B	GSD-1, GSDD-1, CILC-1(G)	1.00200
	C	GSLD-1, GSLDT-1, CS-1, CST-1	1.00173
	D	GSLD-2, GSLDT-2, CS-2, CST-2, OS-2, MET	0.99640
	E	GSLD-3, GSLDT-3, CS-3, CST-3, CILC-1(T), ISST-1(T)	0.96159
	F	CILC-1(D), ISST-1(D)	0.99814

FPUC: Marianna: No position at this time.
Fernandina Beach:

<u>Group</u>	<u>Rate Schedules</u>	<u>Line Loss Multiplier</u>
A	RS	1.00000
B	GS	1.00000
C	GSD	1.00000
D	OL, OL-2, SL-2, SL-3, CSL	1.00000
E	GSLD	1.00000

GULF:	<u>Group</u>	<u>Rate Schedules</u>	<u>Line Loss Multiplier</u>
	A	RS, GS, GSD, OS-III, OS-IV, SBS(100 to 499kW)	1.01228
	B	LP, SBS(Contract Demand of 500 to 7499 kW)	0.98106
	C	PX, PXT, RTP, SBS(Contract Demand above 7499 kW)	0.96230
	D	OS-1, OS-2	1.01228

TECO:	<u>Group</u>	<u>Rate Schedules</u>	<u>Line Loss Multiplier</u>
	A	RS, GS, TS	1.00720
	A-1	SL-2, OL-1, 3	NA
	B	GSD, EV-X, GSLD, SBF	1.00130
	C	IS-1, IS-3, SBI-1 & 3	0.96870

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

POSITION:

FPC:

<u>Group</u>	<u>Rate Schedules</u>	<u>Standard</u>	<u>On/Peak</u>	<u>Factors</u>	
				<u>Time of Use</u>	
				<u>Off/Peak</u>	
A	Transmission Delivery	2.017	2.382		1.868
B	Distribution Primary Delivery	2.037	2.406		1.886
C	Distribution Secondary Delivery	2.058	2.430		1.906
D	OL-1, SL-1	2.004	NA		NA

FPL: No position at this time pending resolution of company-specific issue.

FPUC: Marianna: No position at this time.
 Fernandina Beach: No position at this time.

GULF:

<u>Group</u>	<u>Rate Schedules</u>	<u>Standard</u>	<u>On/Peak</u>	<u>Factors</u>	
				<u>Time of Use</u>	
				<u>Off/Peak</u>	
A	RS, GS, GSD, OS-III, OS-IV, SBS(100 to 499kW)	2.345	2.420		2.318
B	LP, SBS(Contract Demand of 500 to 7499 kW)	2.273	2.345		2.246
C	PX, PXT, RTP, SBS(Contract Demand above 7499 kW)	2.230	2.301		2.203
D	OS-1, OS-2	2.340	NA		NA

TECO:

<u>Group</u>	<u>Rate Schedules</u>	<u>Standard</u>	<u>On/Peak</u>	<u>Factors</u>	
				<u>Time of Use</u>	
				<u>Off/Peak</u>	
A	RS, GS, TS	2.418	2.841		2.258
A-1	SL-2, OL-1, 3	2.345	NA		NA
B	GSD, EV-X, GSLD, SBF	2.404	2.825		2.245
C	IS-1, IS-3, SBI-1 & 3	2.326	2.733		2.172

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, 1996 through March, 1997?

POSITION:

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

ISSUE 9: 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?

POSITION: No position at this time.

ISSUE 10: Should the investor-owned electric utilities continue to file Fuel Cost Recovery Forms, PSC/EAG8(10/94) as required by Commission Directive issued April 24, 1980?

POSITION: Yes. Pursuant to a Commission Directive issued April 24, 1980, Fuel Cost Recovery Forms, PSC/EAG8(10/94) are part of the filings for the semi-annual proceedings in the Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor. These forms are included in Rule 25-22.004, Florida Administrative Code, which is being considered by the Commission for possible repeal. According to Section 120.535(10), Florida Statutes, "[a]gency statements that relate to cost-recovery clauses, factors, or mechanisms implemented pursuant to chapter 366 are exempt from [rulemaking] requirements." Therefore, these forms will be deleted from the rule without

being incorporated by reference in another Commission rule. However, the Commission Directive requiring the investor-owned electric utilities to file Fuel Cost Recovery Forms PSC/EAG8(10/94) should be formalized by the Commission in this proceeding.

COMPANY SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power and Light Company

ISSUE 11a: Should Florida Power and Light Company recover replacement energy costs incurred as a result of outages at Plant St. Lucie and Plant Turkey Point during the period September 1994 through September 1995?

POSITION: No position at this time.

ISSUE 11b: Should Florida Power and Light Company recover costs associated with the thermal power uprate of Turkey Point Units 3 and 4?

POSITION: No position at this time.

ISSUE 11c: Has Florida Power and Light Company appropriately included 42% of the Cypress Energy Company settlement payment for recovery through the fuel costs recovery clause as directed in Order No. PSC-96-0889-FOF-EU?

POSITION: Yes. Florida Power and Light Company has included 42%, or \$5,220,180 of the Cypress Energy Company settlement payment as directed in Order No. PSC-96-0889-FOF-EU for recovery during the period October 1996 through March 1997.

Florida Power Corporation

ISSUE 12a: Has Florida Power Corporation confirmed the validity of the methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1995?

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.

ISSUE 12b: Has Florida Power Corporation 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.

ISSUE 12c: Has Florida Power Corporation appropriately included the Orlando Cogen, L.P. settlement payment for recovery through the fuel cost recovery clause as directed by Order No. PSC-96-0898-AS-EQ?

POSITION: Yes.

Tampa Electric Company

ISSUE 13a: What is the appropriate 1995 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

POSITION: \$41.12/ton

ISSUE 13b: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1995 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.

ISSUE 13c: What is the appropriate 1995 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

POSITION: The 1995 transportation benchmark for affiliated waterborne coal transportation services is \$27.08/ton.

ISSUE 13d: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 1995 waterborne transportation benchmark price?

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

ISSUE 13e: Has Tampa Electric Company appropriately calculated its proposed refund factors for refunding the \$25 million in excess earnings as required by Order No. PSC-96-0670-S-EI?

POSITION: Yes.

Generic Generating Performance Incentive Factor Issues

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1995 through March, 1996?

POSITION:

FPC: No position at this time.
FPL: No position at this time.
GULF: No position at this time.
TECO: No position at this time.

ISSUE 15: What should the GPIF targets/ranges be for the period October, 1996 through March, 1997?

POSITION:

FPC: No position at this time.
FPL: No position at this time.
GULF: No position at this time.
TECO: No position at this time.

Company-Specific GPIF Issues

Florida Power and Light Company

ISSUE 16a: Should Florida Power and Light Company's request to exclude the outage hours due to excess cooling canal vegetation at Turkey Point Unit 3 be approved?

POSITION: No position at this time.

ISSUE 16b: Should Florida Power and Light Company's request to file targets on an annual basis rather than on a six-month basis be approved?

POSITION: No position at this time.

Gulf Power Company

ISSUE 17: Should Gulf Power Company be allowed to use seasonal historical data to project heat rates for the next period?

POSITION: No position at this time.

Tampa Electric Company

ISSUE 18: Should the additional generation due to scrubbing be removed from Tampa Electric Company's heat rate calculation for Big Bend Unit 3?

POSITION: No position at this time.

Generic Capacity Cost Recovery Issues

ISSUE 19: What is the appropriate final capacity cost recovery true-up amount for the period October, 1995 through March, 1996?

POSITION:

FPC: \$12,864,473 Overrecovery
FPL: \$28,927,083 Overrecovery
TECO: \$785,067 Overrecovery

ISSUE 19a: What is the appropriate final capacity cost recovery true-up amount for the period April, 1995 through September, 1995?

POSITION:

GULF: \$410,705 Overrecovery

ISSUE 20: What is the estimated capacity cost recovery true-up amount for the period April, 1996 through September, 1996?

POSITION:

FPC: \$2,110,344 Underrecovery

FPL: \$13,378,068 Overrecovery

TECO: \$318,287 Overrecovery

ISSUE 20a: What is the estimated capacity cost recovery true-up amount for the period October, 1995 through September, 1996?

POSITION:

GULF: \$374,156 Overrecovery

ISSUE 21: What is the total capacity cost recovery true-up amount to be collected during the period October, 1996 through March, 1997?

POSITION:

FPC: \$10,754,129 Overrecovery

TECO: \$1,103,354 Overrecovery

ISSUE 21a: What is the total capacity cost recovery true-up amount to be collected during the period October, 1996 through September, 1997?

POSITION:

FPL: \$42,305,151 Overrecovery

GULF: \$784,861 Overrecovery

ISSUE 22: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October, 1996 through March, 1997?

POSITION:

FPC: \$120,528,144

TECO: \$10,226,956

ISSUE 22a: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October, 1996 through September, 1997?

POSITION:

FPL: \$430,838,159

GULF: \$12,118,326

ISSUE 23: What are the projected capacity cost recovery factors for the period October, 1996 through March, 1997?

POSITION:

<u>FPC:</u>	<u>Rate Class</u>	<u>Cents/kWh</u>
	RS	1.030
	GS-Trans.	0.801
	GS-Pri.	0.809
	GS-Sec.	0.817
	GS-100% L.F.	0.563
	GSD-Trans.	0.670
	GSD-Pri.	0.677
	GSD-Sec.	0.684
	CS-Trans.	0.561
	CS-Pri.	0.567
	CS-Sec.	0.573
	IS-Trans.	0.562
	IS-Pri.	0.568
	IS-Sec.	0.573
	Lighting	0.205
<u>TECO:</u>	<u>Rate Schedules</u>	<u>Cents/kWh</u>
	RS	0.198
	GS, TS	0.191
	GSD, EV-X	0.146
	GSLD/SBF	0.130
	IS-1 & 3, SBI-1 & 3	0.011
	SL, OL	0.024

ISSUE 23a: What are the projected capacity cost recovery factors for the period October, 1996 through September, 1997?

POSITION:

FPL:	<u>Rate Class</u>	<u>Capacity Recovery Factor (\$/kW)</u>	<u>Capacity Recovery Factor (\$/kWh)</u>
	RS1	--	.00621
	GS1	--	.00562
	GSD1	2.14	--
	OS2	--	.00407
	GSLD1/CS1	2.15	--
	GSLD2/CS2	2.19	--
	GSLD3/CS3	2.15	--
	CILCD/CILCG	2.21	--
	CILCT	2.20	--
	MET	2.31	--
	OL1/SL1	--	.00102
	SL2	--	.00395

<u>Rate Class</u>	<u>Capacity Recovery Factor (Reservation Demand Charge) (\$/kW)</u>	<u>Capacity Recovery (Sum of Daily Demand Charge) (\$/kWh)</u>
ISST1D	0.28	0.13
SST1T	0.27	0.13
SST1D	0.28	0.13

GULF:	<u>Rate Class</u>	<u>Factor</u>
	RS, RST	0.167
	GS, GST	0.161
	GSD, GSDT	0.121
	LP, LPT	0.110
	PX, PXT, RTP	0.091
	OS-1, OS-II	0.040
	OS-III	0.096
	OS-IV	0.203
	SBS	0.114

Company Specific Capacity Cost Recovery

Florida Power and Light Company

ISSUE 24: Has Florida Power and Light Company appropriately included 58% of the Cypress Energy Company settlement payment for recovery through the capacity cost recovery clause as directed in Order No. PSC-96-0889-FOF-EU?

POSITION: Yes. Florida Power and Light Company has included 58%, or \$ 8,768,730 of the Cypress Energy Company settlement payment as directed in Order No. PSC-96-0889-FOF-EU for recovery during the period October, 1996 through September, 1997.

ISSUE 24a: Should the Commission approve Florida Power and Light Company's request to implement its capacity cost recovery factor on an annual basis for the period October, 1996 through September, 1997?

POSITION: Yes. Florida Power and Light Company's capacity costs do not vary widely from the current six-month recovery period to the next. By changing the recovery cycle to one set of twelve-month factors established on an annual basis, FPL's customers will benefit because the resulting factors will be leveled over the year.

e. Pending Motions

None.

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f. Compliance with Order No. PSC-96-0816-PCO-EI.

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 12th day of August, 1996.


VICKI D. JOHNSON
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Cost Recovery Clause and)
Generating Performance Incentive) FILED: August 12, 1996
Factor.)
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Staff's Prehearing Statement has been furnished by U.S. Mail to this 12th day of August, 1996, to the following:

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