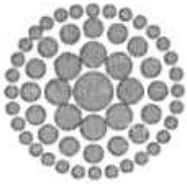


ORIGINAL  
FILE COPY



**Florida  
Power**  
CORPORATION

**JAMES A. MCGEE**  
SENIOR COUNSEL

August 9, 1996

Ms. Blanca S. Bayó, 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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WAS \_\_\_\_\_  
OTH \_\_\_\_\_

Re: Docket No. 960001-EI

Dear Ms. Bayó:

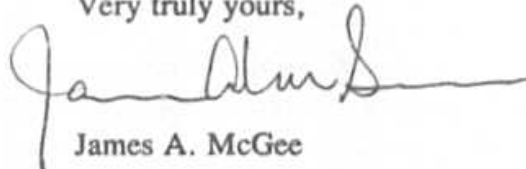
Enclosed for filing in the subject docket are an original and fifteen copies of the Prehearing Statement of Florida Power Corporation.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

RECEIVED & FILED

EPSC-BUREAU OF RECORDS

Very truly yours,

  
James A. McGee

JAM/kg  
Enclosure

cc: Parties of record

DOCUMENT NUMBER: DATE

08390 AUG 12 96

3201 Thirty-fourth Street South • Post Office Box 14042 • St. Petersburg, Florida 33733-4042 • (813) 866-5384 • Fax: (813) 866-4931

GENERAL OFFICE  
A Florida Progress Company

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Fuel and Purchased Power Cost  
Recovery Clause with Generating  
Performance Incentive Factor.

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Docket No. 960001-EI

Submitted for filing:  
August 12, 1996

**PREHEARING STATEMENT OF  
FLORIDA POWER CORPORATION**

Florida Power Corporation (FPC), pursuant to Rule 25-22.038, Florida Administrative Code, hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of October 1996 through March 1997 and states as follows:

A. APPEARANCES

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

B. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
David P. Develle	Fuel Adjustment True-up	1, 3, 13 and 15
Karl H. Wieland	Fuel Adjustment Projections	2-10, 14-17
Larry G. Turner	GPIF Reward/Penalty and Targets/Ranges	11 and 12

DOCUMENT NUMBER-DATE

08390 AUG 12 1996

C. EXHIBITS

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(DPD-1)</u>	Develle	True-up Variance Analysis
<u>(DPD-2)</u>	Develle	Schedules A1 through A9
<u>(KHW-1)</u>	Wieland	Forecast Assumptions (Parts A-C), and Capacity Cost Recovery Factors (Part D)
<u>(KHW-2)</u>	Wieland	Schedules E1 through E10 and H1
<u>(LGT-1)</u>	Turner	Standard Form GPIF Schedules (Reward/Penalty)
<u>(LGT-2)</u>	Turner	Standard Form GPIF Schedules (Targets/Ranges)

D. STATEMENT OF BASIC POSITION

None necessary.

E. STATEMENT OF ISSUES AND POSITIONS

**Generic Fuel Adjustment Issues**

1. **ISSUE:** What are the appropriate final fuel adjustment true-up amounts for the period of October 1995 through March 1996?  
**EPC:** \$29,993,960 under-recovery. (Develle)
2. **ISSUE:** What are the estimated fuel adjustment true-up amounts for the period of April through September 1996?

FPC: \$16,852,726 under-recovery. (Wieland)

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

FPC: \$46,846,686 under-recovery. (Deveille/Wieland)

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

FPC: 2.054 cents per kWh (adjusted for jurisdictional losses). (Wieland)

5. ISSUE: What should be the effective date of the new fuel cost recovery factors and oil backout factors, if any, for billing purposes?

FPC: The new factors should be effective beginning with the first billing cycle for October, 1996, and thereafter through the last billing cycle for March, 1997. The first billing cycle may start before October 1, 1996, and the last billing cycle may end after March 31, 1997, so long as each customer is billed for six months regardless of when the factors became effective.

6. ISSUE: What are the appropriate fuel recovery loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate/delivery voltage level group?

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	(Wieland)

7. ISSUE: What are the appropriate fuel cost recovery factors for each rate/delivery voltage level group, adjusted for line losses?

<u>FPC:</u>		Fuel Cost Factors (cents/kWh)		
<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Standard</u>	<u>Time Of Use</u>	
			<u>On-Peak</u>	<u>Off-Peak</u>
A.	Transmission	2.017	2.382	1.868
B.	Distribution Primary	2.037	2.406	1.886
C.	Distribution Secondary	2.058	2.430	1.906
D.	Lighting Service	2.004		

(Wieland)

8. **ISSUE:** What is the appropriate revenue tax factor to be applied in calculating the levelized fuel factor for the projection period of October 1996 through March 1997?

**FPC:** 1.00083 (Wieland)

9. **ISSUE:** Should an electric utility be permitted to include, for retail fuel cost recovery purposes, fuel cost 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?

**FPC:** The average fuel cost of the generating unit(s) from which a sale is made should be used for fuel cost recovery purposes, unless the sale satisfies each of the following criteria for using below average incremental cost pricing: (1) it is either a short term (less than one year) non-firm sale, or a firm sale from existing reserves that does not require the construction or purchase of additional capacity; (2) the sale is not subject to jurisdictional separation; and (3) all revenues from the sale (fuel and non-fuel) are credited back to customers through the fuel of CCR clauses, except for specifically approved incentives (e.g. the 80/20 sharing of economy sales profits). (Wieland)

#### Company-Specific Fuel Adjustment Issues

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

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

### Generic Generating Performance Incentive Factor Issues

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

FPC: \$1,527,566 reward. (Turner)

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

FPC: See Attachment A. (Turner)

### Generic Capacity Cost Recovery Issues

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

FPC: \$12,864,473 over-recovery. (Develle)

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

FPC: \$2,110,344 under-recovery. (Wieland)

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

FPC: \$10,754,129 over-recovery. (Develle/Wieland)

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

FPC: \$120,528,144 (Wieland)

17. ISSUE: What are the projected capacity cost recovery factors for the period of October 1996 through March 1997?

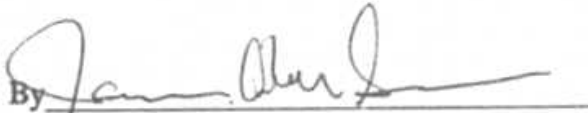
<u>FPC:</u>	<u>Rate Class</u>	<u>CCR Factor</u>
	Residential	1.030 cents/kWh
	General Service Non-Demand	.817 cents/kWh
	@ Primary Voltage	.809 cents/kWh
	@ Transmission Voltage	.801 cents/kWh
	General Service 100% Load Factor	.563 cents/kWh
	General Service Demand	.684 cents/kWh
	@ Primary Voltage	.677 cents/kWh
	@ Transmission Voltage	.670 cents/kWh
	Curtaillable	.573 cents/kWh
	@ Primary Voltage	.567 cents/kWh
	@ Transmission Voltage	.561 cents/kWh
	Interruptible	.573 cents/kWh
	@ Primary Voltage	.568 cents/kWh
	@ Transmission Voltage	.562 cents/kWh
	Lighting	.205 cents/kWh (Wieland)

F. STIPULATED ISSUES: None at this time.

G. PENDING MOTIONS: None.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL  
FLORIDA POWER CORPORATION

By 

James A. McGee  
Post Office Box 14042  
St. Petersburg, FL 33733-4042  
Telephone: (813) 866-5184  
Facsimile: (813) 866-4931

ATTACHMENT "A"

GPIF TARGET AND RANGE SUMMARY

Company: Florida Power Corporation  
 Period of: Oct. 1996 - Mar. 1997

Plant/Unit	Weighting Factor (%)	EAF Target (%)	EAF RANGE		Max. Fuel Savings (\$000)	Max. Fuel Loss (\$000)
			Max. (%)	Min. (%)		
ANC. 1	0.68	93.37	95.20	89.66	40.7	143.8
ANC. 2	1.31	63.05	64.25	60.59	78.5	152.0
C.R. 1	2.15	69.64	72.84	63.24	129.2	323.8
C.R. 2	11.06	65.25	71.12	52.64	663.3	156.2
C.R. 3	2.91	96.17	97.98	92.42	174.7	387.5
C.R. 4	5.28	95.40	97.57	90.95	316.6	535.2
C.R. 5	2.19	81.69	83.37	78.25	131.5	360.9
-----					-----	-----
GPIF System	25.59				1534.5	2059.4

Plant/Unit	Weighting Factor (%)	ANOHR Target		ANOHR RANGE		Max. Fuel Savings (\$000)	Max. Fuel Loss (\$000)
		(BTU/KWH)	NOF	Min. (%)	Max. (%)		
ANC. 1	14.51	10103	34.5	9671	10536	870.5	870.5
ANC. 2	13.67	10098	27.4	9672	10524	819.6	819.6
C.R. 1	8.17	10009	68.4	9763	10256	490.1	490.1
C.R. 2	8.02	9420	99.0	9224	9616	481.2	481.2
C.R. 3	1.36	10371	101.5	10221	10521	81.7	81.7
C.R. 4	15.50	9351	80.4	9172	9530	929.9	929.9
C.R. 5	13.17	9148	95.6	8998	9298	790.1	790.1
-----					-----	-----	-----
GPIF System	74.41					4463.1	4463.1

Issued by: FPC

Filed:  
 Suspended:  
 Effective:  
 Docket No.:  
 Order No.:



**CERTIFICATE OF SERVICE**

**Docket No. 960001**

I HEREBY CERTIFY that a true and correct copy of the Prehearing Statement of Florida Power Corporation has been sent by regular U.S. mail to the following individuals this 9th day of August, 1996:

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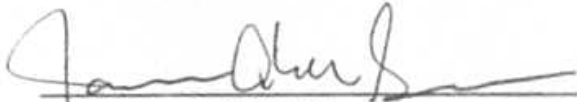
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Attorney