

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 960001-EI
FLORIDA POWER & LIGHT COMPANY**

NOVEMBER 19, 1996

IN RE: LEVELIZED FUEL COST RECOVERY

FINAL TRUE-UP

APRIL 1996 THROUGH SEPTEMBER 1996

TESTIMONY & EXHIBITS OF:

R. MORLEY

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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF R. MORLEY

DOCKET NO. 960001-EI

November 19, 1996

1 **Q. Please state your name, business address, employer and**
2 **position.**

3 **A. My name is Rosemary Morley, and my business address is 9250**
4 **West Flagler Street, Miami, Florida, 33174. I am employed by**
5 **Florida Power & Light Company (FPL) as Manager of Rates and**
6 **Tariff Administration.**

7

8 **Q. Have you previously testified in this docket?**

9 **A. Yes, I have.**

10

11 **Q. What is the purpose of your testimony in this proceeding?**

12 **A. The purpose of my testimony is to present the schedules necessary**
13 **to support the actual Fuel Cost Recovery Clause (FCR) Net True-**
14 **Up amount for the period April 1996 through September 1996. The**
15 **Net True-Up for FCR is an underrecovery, including interest, of**

1 \$13,513,839. I am requesting Commission approval to include this
2 true-up amount in the calculation of the FCR factor for the period
3 April 1997 through September 1997.

4

5 **Q. Have you prepared or caused to be prepared under your**
6 **direction, supervision or control an exhibit in this proceeding?**

7 A. Yes, I have. It consists of Appendix I which contains the FCR
8 related schedules. FCR Schedules A-1 through A-13 for the April
9 1996 through September 1996 period have been filed monthly with
10 the Commission, are served on all parties and are incorporated
11 herein by reference.

12

13 **Q. What is the source of the data which you will present by way**
14 **of testimony or exhibits in this proceeding?**

15 A. Unless otherwise indicated, the actual data is taken from the books
16 and records of FPL. The books and records are kept in the regular
17 course of our business in accordance with generally accepted
18 accounting principles and practices, and provisions of the Uniform
19 System of Accounts as prescribed by this Commission.

20

21 **Q. Please explain the calculation of the Net True-up Amount.**

22 A. Appendix I, page 3, entitled "Summary of Net True-Up", shows the
23 calculation of the Net True-Up for the six-month period April 1996
24 through September 1996, an underrecovery of \$13,513,839, which

1 I am requesting be included in the calculation of the Fuel Cost
2 Recovery Factor for the period April 1997 through September 1997.
3 The calculation of the true-up amount for the period follows the
4 procedures established by this Commission as set forth on
5 Commission Schedule A-2 "Calculation of True-Up and Interest
6 Provision".

7
8 The actual End-of-Period underrecovery for the six-month period
9 April 1996 through September 1996 of \$162,549,386 shown on line
10 1, less the estimated/actual End-of-Period underrecovery for the
11 same period of \$149,035,547 shown on line 2 that was included in
12 the calculation of the Fuel Cost Recovery Factor for the period
13 October 1996 through March 1997, results in the Net True-Up for
14 the six-month period April 1996 through September 1996 shown on
15 line 3, an underrecovery of \$13,513,839.

16
17 **Q. Have you provided a schedule showing the variances between**
18 **actuals and estimated/actuals?**

19 A. Yes. Appendix I, page 4, entitled "Calculation of Final True-up
20 Variances", shows the actual fuel costs and revenues compared to
21 the estimated/actuals for the period April 1996 through September
22 1996.

23
24 **Q. What was the variance in fuel costs?**

1 A. As shown on Appendix I, page 4, line A7, actual fuel costs on a
2 Total Company basis were \$16.8 million higher than the
3 estimated/actual projection. This variance is primarily due to a
4 \$12.0 million increase in the Fuel Cost of System Net Generation,
5 a \$3.7 million increase in the Fuel Cost of Purchased Power and
6 a \$5.6 million increase in Energy Payments to Qualifying Facilities,
7 offset by a \$2.9 million decrease in the Fuel Cost of Power Sold
8 and a \$5.7 million decrease in the Energy Cost of Economy
9 Purchases.

10

11 The increase in the Fuel Cost of System Net Generation was
12 primarily due to an 6.1% increase in natural gas usage to meet
13 higher than projected sales. The increase in the Fuel Cost of
14 Purchased Power was primarily due to higher than projected Unit
15 Power Sales (UPS) purchases from Southern Company due to the
16 unavailability of low cost economy energy due to hot weather
17 throughout the Southeast. The increase in Energy Payments to
18 Qualifying Facilities (QF's) was primarily due to higher than
19 anticipated deliveries from the Indiantown Cogeneration Limited
20 (ICL) and Cedar Bay contracts. The decrease in the Energy Cost
21 of Economy Purchases was primarily due to the unavailability of
22 low cost economy energy due to hot weather throughout the
23 Southeast.

24

1 Q. What was the variance in retail (jurisdictional) Fuel Cost
2 Recovery revenues?

3 A. As shown on line D1, actual jurisdictional Fuel Cost Recovery
4 revenues, net of revenue taxes, were \$2.3 million higher than the
5 estimated/actual projection. This increase was due to higher
6 jurisdictional kWh sales. Jurisdictional sales were 633,438,727
7 kWh (1.6%) higher than the estimated/actual projection.

8
9 Q. How is Real Time Pricing (RTP) reflected in the calculation of
10 the Net True-up Amount?

11 A. In the determination of Jurisdictional kWh sales, only kWh sales
12 associated with RTP baseline load are included, consistent with
13 projections (Appendix I, page 4, Line C3). In the determination of
14 Jurisdictional Fuel Costs, revenues associated with RTP
15 incremental kWh sales are included as 100% Retail (Appendix I,
16 page 4, Line D4c) in order to offset incremental fuel used to
17 generate these kWh sales.

18
19 Q. Does this conclude your testimony?

20 A. Yes, it does.

APPENDIX I
FUEL COST RECOVERY
TRUE-UP CALCULATION

RM-1
DOCKET NO. 960001-EI
FPL WITNESS: R. Morley
EXHIBIT _____
PAGES 1-4
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FPSC-RECORDS/REPORTING

APPENDIX I
FUEL COST RECOVERY CLAUSE
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**FLORIDA POWER & LIGHT COMPANY
FUEL COST RECOVERY CLAUSE
SUMMARY OF NET TRUE-UP FOR THE
SIX MONTH PERIOD APRIL 1996 THROUGH SEPTEMBER 1996**

1	End of Period True-up for the six month period April 1996 through September 1996 (from page 4, lines D7 & D8)	\$(162,549,388)
2	Less - Estimated/Actual True-up for the same period *	(149,035,547)
3	Net True-up for the six month period April 1996 through September 1996	<u>\$ (13,513,839)</u>

() Reflects Underrecovery

* Approved in FPSC Order No. PSC-96-1172-FOF-EI dated September 19, 1996

FLORIDA POWER & LIGHT COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP VARIANCES
FOR THE PERIOD APRIL 1996 THROUGH SEPTEMBER 1996

LINE NO.		(1) ACTUAL	(2) UPDATED ESTIMATE (a)	(3) VARIANCE AMOUNT	(4) %
A 1 a	Fuel Cost of System Net Generation	\$ 750,299,740	\$ 738,295,159	\$ 12,004,581	1.6 %
	b Nuclear Fuel Disposal Costs	9,402,203	9,494,835	(92,632)	(1.0) %
	c Coal Cars Depreciation & Return	2,484,844	2,484,843	1	0.0 %
	d Gas Pipelines Depreciation & Return	1,833,690	1,835,691	(1)	0.0 %
	e DOE Decontamination & Decommissioning Fund Payment	0	0	0	N/A
2	Fuel Cost of Power Sold	(19,071,488)	(21,996,751)	2,925,263	(13.3) %
3 a	Fuel Cost of Purchased Power	80,081,109	76,342,258	3,738,851	4.9 %
	b Energy Payments to Qualifying Facilities	72,386,621	66,820,049	5,566,572	8.3 %
4	Energy Cost of Economy Purchases	32,493,005	38,226,498	(5,733,493)	(15.0) %
5	Total Fuel Costs & Net Power Transactions	\$ 929,911,724	\$ 911,502,582	\$ 18,409,142	2.0 %
6	Adjustments to Fuel Cost:				
	a Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	\$ (12,288,079)	\$ (10,841,861)	\$ (1,446,218)	13.3 %
	b Reactive and Voltage Control Fuel Revenues	(31,186)	0	(31,186)	N/A
	c Inventory Adjustments	38,211	27,735	10,476	N/A
	d Non Recoverable Oil/Tank Bottoms	41,790	227,918	(186,128)	(81.7) %
	e Misc (Recovery [fuel cost] - PSL 1 Ford Explorer event)	(50,000)	0	(50,000)	N/A
7	Adjusted Total Fuel Costs & Net Power Transactions	\$ 917,622,460	\$ 900,916,374	\$ 16,706,086	1.9 %
C 1	Jurisdictional kWh Sales	40,673,696,899	40,042,258,172	633,438,727	1.6 %
2	Sale for Resale	241,155,339	195,679,294	45,476,045	23.2 %
3	Total Sales (Excluding RTP Incremental)	40,916,852,238	40,237,937,466	678,914,772	1.7 %
4	Jurisdictional Sales % of Total kWh Sales (Line B-6)	N/A	N/A	N/A	N/A
D 1	Jurisdictional Fuel Revenues (Net of Revenue Taxes)	\$ 854,582,403	\$ 852,237,691	\$ 2,344,712	0.3 %
	a Prior Period True-up Provision	(97,684,026)	(97,684,026)	0	0.0 %
	b GPIF, Net of Revenue Taxes (b)	(2,124,901)	(2,124,901)	0	0.0 %
	c Oil Backout Revenues, Net of revenue taxes	5,900	4,084	1,816	44.5 %
3	Jurisdictional Fuel Revenues Applicable to Period	\$ 754,779,376	\$ 732,432,847	\$ 2,346,528	0.3 %
4 a	Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	\$ 917,622,460	\$ 900,916,374	\$ 16,706,086	1.9 %
	b Nuclear Fuel Expense - 100% Retail	146,821	94,589	52,232	55.2 %
	c RTP Incremental Fuel -100% Retail	144,739	68,689	76,050	110.7 %
	d D&D Fund Payments -100% Retail (Line A 1 e)	0	0	0	N/A
	e Adj. Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (D4a-D4b-D4c-D4d)	917,330,900	900,753,096	16,577,804	1.8 %
6	Jurisdictional Total Fuel Costs & Net Power Transactions	\$ 912,939,866	\$ 897,165,246	\$ 15,774,620	1.8 %
7	True-up Provision for the Period- Over/(Under) Recovery (Line D3 - Line D6)	\$ (158,160,490)	\$ (144,732,399)	\$ (13,428,091)	9.3 %
8	Interest Provision for the Month	(4,388,896)	(4,303,148)	(85,748)	2.0 %
9	True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	(97,684,026)	(97,684,026)	0	0.0 %
	a Deferred True-up Beginning of Period - Over/(Under) Recovery	(17,157,052)	(17,157,052)	0	0.0 %
10	Prior Period True-up Collected/(Refunded) This Period	97,684,026	97,684,026	0	0.0 %
11	End of Period Net True-up Amount Over/(Under) Recovery (Lines D7 through D10)	\$ (179,706,438)	\$ (166,192,599)	\$ (13,513,839)	8.1 %
	(a) Per Revised Estimated/Actual Schedule E-1b, filed August 20, 1996.				
	(b) Generation Performance Incentive Factor Reward (Per Order No. PSC-96-0353-FOF-EI) of \$2,159,086 x 98.4167% Revenue Tax Factor = \$2,124,901.				
	(c) Jurisdictional Loss Multiplier per Schedule E2 filed June 20, 1995.				