



**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

July 25, 1997

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

Re: Docket No. 970001-EI

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and ten 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.

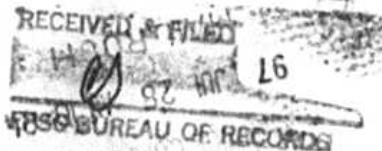
Very truly yours,

James A. McGee

JAM/kp
Enclosures

cc: Parties of record

- ACK ✓
- AFA Vandine
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 1
- LIN 3
- OPC _____
- RCH _____
- SEC 1
- WAS _____



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DOCUMENT NUMBER-DATE

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A Florida Progress Company

FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

Docket No. 970001

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 25th day of July, 1997:

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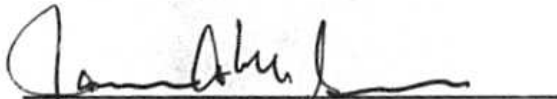
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Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 970001-EI

Submitted for filing:
July 28, 1997

**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 1997 through March 1998 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>
John Scardino, Jr.	Fuel Adjustment True-up	1, 3, 15 and 17
Karl H. Wieland	Fuel Adjustment Projections	2-12, 16-19
Dario B. Zuloaga	GPIF Reward/Penalty and Targets/Ranges	13 and 14
Karl H. Wieland	Rebuttal to Staff witness Ballinger	

DOCUMENT NUMBER-DATE

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C. EXHIBITS

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(JS-1)</u>	Scardino	True-up Variance Analysis
<u>(JS-2)</u>	Scardino	Capacity Cost Recovery True-up Calculation
<u>(JS-3)</u>	Scardino	Schedules A1 through A9
<u>(KHW-1)</u>	Wieland	Forecast Assumptions (Parts A-C), Capacity Cost Recovery Factors (Part D), Debary #9 Natural Gas Conversion (Part E), Removal of CR3 Replacement Power Costs (Part F), and Example of Broker Sales under FERC Order 888 (Part G)
<u>(KHW-2)</u>	Wieland	Schedules E1 through E10 and H1
<u>(DBZ-1)</u>	Zuloaga	Standard Form GPIF Schedules (Reward/Penalty)
<u>(DBZ-2)</u>	Zuloaga	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 is the appropriate final adjusted fuel adjustment true-up amount for the period of October 1996 through March 1997?

FPC: \$18,213,754 under-recovery. (Scardino)

2. **ISSUE:** What is the estimated fuel adjustment true-up amount for the period of April through September 1997?

FPC: \$8,880,912 over-recovery. (Wieland)

3. **ISSUE:** What is the total fuel adjustment true-up amount to be collected during the period of October 1997 through March 1998?

FPC: \$9,332,842 under-recovery. (Scardino/Wieland)

4. **ISSUE:** What is the appropriate levelized fuel cost recovery factor for the period of October 1997 through March 1998?

FPC: 1.823 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, 1997, and thereafter through the last billing cycle for March, 1998. The first billing cycle may start before October 1, 1997, and the last billing cycle may end after March 31, 1998, 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	1.790	2.114	1.658
B.	Distribution Primary	1.809	2.136	1.675
C.	Distribution Secondary	1.827	2.158	1.692
D.	Lighting Service	1.779		

(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 1997 through March 1998?

FPC: 1.00083 (Wieland)

9. **ISSUE:** What impact do Federal Energy Regulatory Commission (FERC) Orders 888 and 888-A have on Florida Broker transactions for fuel adjustment purposes?

FPC: FERC Orders 888 and 888-A require unbundling charges into generation and transmission cost components for sales agreements executed prior to July 9, 1996. The Company's proposal to credit both components to the retail fuel clause results in similar ratemaking treatment as afforded retail customers before FERC's unbundling requirement. It varies only by the recognition that the two components have different jurisdictional percentages which should be used in the calculation of the credit.

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)

11. **ISSUE:** Is the treatment of FPC's Crystal River 3 nuclear plant (CR3) in calculating the fuel cost recovery factors for the October 1997 - March 1998

period consistent with the Stipulation approved by the Commission on June 26, 1997 in Docket No. 970261-EI?

FPC: Yes. FPC has removed the replacement power costs associated with the current extended outage of CR3 from all true-up balances and projections by simulating the operation of its system as though CR3 were operational with normal availability. (Wieland)

12. **ISSUE:** Should the Commission approve FPC's request to recover the cost of converting an additional combustion turbine unit at its Debary generating site to burn natural gas?

FPC: Yes. FPC is requesting the same treatment for this unit as the Commission approved in prior hearings for eight other units at the Debary, Intercession City, Suwannee and Bartow plants. The estimated cost of conversion (\$734,000) is not included in FPC's base rates and will enable FPC to achieve fuel savings with a net present value of \$2.1 million over the next five years. (Wieland)

Generic Generating Performance Incentive Factor Issues

13. **ISSUE:** What is the appropriate GPIF reward or penalty for performance achieved during the period of October, 1996 through March, 1997?

FPC: \$255,522 penalty. (Zuloaga)

14. **ISSUE:** What should the GPIF targets/ranges be for the period of October, 1997 through March, 1998?

FPC: See Attachment A. (Zuloaga)

Generic Capacity Cost Recovery Issues

15. **ISSUE:** What is the appropriate final capacity cost recovery true-up amount for the period of October 1996 through March 1997?

FPC: \$4,074,376 under-recovery. (Scardino)

16. **ISSUE:** What is the estimated capacity cost recovery true-up amount for the period of April through September 1997?

FPC: \$4,287,565 under-recovery. (Wieland)

17. **ISSUE:** What is the total capacity cost recovery true-up amount to be collected during the period of October 1997 through March 1998?

FPC: \$8,361,941 under-recovery. (Wieland)

18. **ISSUE:** What is the appropriate projected net purchase power capacity cost recovery amount to be included in the recovery factor for the period October 1997 through March 1998?

FPC: \$151,667,854 (Wieland)

19. **ISSUE:** What are the projected capacity cost recovery factors for the period of October 1997 through March 1998?

FPC:	Rate Class	CCR Factor
	Residential	1.261 cents/kWh
	General Service Non-Demand	.999 cents/kWh
	@ Primary Voltage	.989 cents/kWh
	@ Transmission Voltage	.979 cents/kWh
	General Service 100% Load Factor	.683 cents/kWh
	General Service Demand	.830 cents/kWh
	@ Primary Voltage	.822 cents/kWh
	@ Transmission Voltage	.813 cents/kWh
	Curtaillable	.695 cents/kWh
	@ Primary Voltage	.688 cents/kWh
	@ Transmission Voltage	.681 cents/kWh
	Interruptible	.651 cents/kWh
	@ Primary Voltage	.644 cents/kWh
	@ Transmission Voltage	.638 cents/kWh
	Lighting	.240 cents/kWh

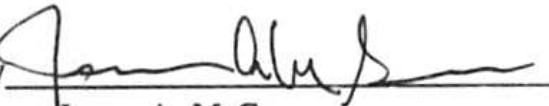
(Wieland)

F. **STIPULATED ISSUES:** None at this time.

G. PENDING MOTIONS: None.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By 

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