

ORIGINAL



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October 31, 2001

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COMMISSION  
CLERK

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

RE: Docket No. 010001-EI

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of Public Counsel's Prehearing Statement in the above-referenced docket.

Also enclosed is a 3.5 inch diskette containing Public Counsel's Prehearing Statement in WordPerfect for Windows 6.1. Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

Robert D. Vandiver  
Associate Public Counsel

RDV/dsb

Enclosures

- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM 5 \_\_\_\_\_
- CTR \_\_\_\_\_
- EGR \_\_\_\_\_
- LEG 1 \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- RGO \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- SER \_\_\_\_\_
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DOCUMENT NUMBER-DATE

13793 OCT 31 01

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power )  
Cost Recovery Clause with )  
Generating Performance Incentive )  
Factor )  
\_\_\_\_\_ )

DOCKET NO. 010001-EI  
FILED: October 31, 2001

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through their attorney, the Public Counsel, hereby file this Prehearing Statement to identify all of the issues of which the Citizens are aware.

APPEARANCES:

ROBERT D. VANDIVER  
Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida

A. WITNESSES:

None.

B. EXHIBITS:

None at this time. However, exhibits may be introduced as necessary during examination of witnesses..

C. STATEMENT OF BASIC POSITION

No position at this time.

DOCUMENT NUMBER-DATE  
13793 OCT 31 01  
FPSC-COMMISSION CLERK

## D. STATEMENT OF FACTUAL ISSUES AND POSITIONS

### **GENERIC FUEL ADJUSTMENT ISSUES**

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period January, 2000 through December, 2000?

OPC: No position at this time.

ISSUE 2: What are the appropriate estimated/actual fuel adjustment true-up amounts for the period January, 2001 through December, 2001?

OPC: No position at this time.

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2002 to December, 2002?

OPC: No position at this time.

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January, 2002 to December, 2002?

OPC: No position at this time.

ISSUE 5: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

OPC: No position at this time.

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/delivery voltage level class?

OPC: No position at this time.

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

OPC: No position at this time.

ISSUE 8: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January, 2002 to December, 2002?

OPC: No position at this time.

ISSUE 9: What is the appropriate benchmark level for calendar year 2001 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, for each investor-owned electric utility?

OPC: No position at this time.

ISSUE 10: What is the appropriate estimated benchmark level for calendar year 2002 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, for each investor-owned electric utility?

OPC: No position at this time.

ISSUE 11: Has each investor-owned electric utility taking reasonable steps to manage the risks associated with its fuel transactions through the use of physical and financial hedging practices?

OPC: This issue should be deferred to allow the Commission to gather more information prior to decision.

ISSUE 12: What is the appropriate regulatory treatment for gains and losses from hedging an investor-owned electric utility's fuel transactions through futures contracts?

OPC: This issue should be deferred to allow the Commission to gather more information prior to decision.

ISSUE 13: What is the appropriate regulatory treatment for the premiums received and paid for hedging an investor-owned electric utility's fuel transactions through options contracts?

OPC: This issue should be deferred to allow the Commission to gather more information prior to decision.

ISSUE 14: What is the appropriate regulatory treatment for the transaction costs associated with an investor-owned electric utility hedging its fuel transactions?

OPC: This issue should be deferred to allow the Commission to gather more information prior to decision.

ISSUE 15: What is the appropriate regulatory treatment for capital projects with an in-service date on or after January 1, 2002, that are expected to reduce long-term fuel costs?

OPC: Such capital projects should be included in rate base and recovered through base rates.

ISSUE 16: What is the appropriate rate of return on the unamortized balance of capital projects with an in-service date on or after January 1, 2002, that are expected to reduce long-term fuel costs?

OPC: The rate of return should be consistent with that approved in the company's last rate case, and should be earned through operating revenues.

ISSUE 17: If an investor-owned electric utility exceeds the ceiling on its authorized return on common equity, can and/or should the Commission reduce by a commensurate amount recovery of prudently-incurred expenditures through the Commission's fuel and purchased power cost recovery clause?

OPC: This issue was raised by PSC staff, which now seeks its withdraw. OPC has no objection.

\*\*\*NEW ISSUE: Should forecasts be revised in light of the September 11, 2001 terror attacks?\*\*\*

OPC: No. To the extent that demand, price or any other variable have been affected, the

Commission should require the most recent data available. If this has a significant effect on projections, the Commission should consider the revised data in setting rates.

## **COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

### **Florida Power & Light Company**

ISSUE 18A: For the period March 1999, to March 2001, did FPL take reasonable steps to manage the risk associated with changes in natural gas prices?

OPC: This issue should be deferred to allow the Commission to gather more information prior to decision.

ISSUE 18B: Is FPL's aerial survey method of its coal inventory at Plant Scherer as stated in Audit Disclosure No. 1 of Audit Control No. 01-053-4-1 consistent with the method set forth in Order No. PSC-97-0359-FOF-EI, in Docket No. 970001-EI, issued March 31, 1997?

OPC: No position at this time.

ISSUE 18C: What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an affiliated company?

OPC: The treatment must ensure that the retail ratepayer does not improperly subsidize any costs associated with such sales.

ISSUE 18D: What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an unaffiliated company?

OPC: The treatment must ensure that the retail ratepayer does not improperly subsidize any costs associated with such sales.

ISSUE 18H: Are the costs associated with Florida Power & Light Company's purchase of 50 MW firm capacity and associated energy from Florida Power Corporation reasonable?

OPC: No position at this time.

ISSUE 18I: Are the costs associated with Florida Power & Light Company's purchase of approximately 1,000 MW of capacity and associated energy from Progress Energy Ventures, Reliant Energy Services, and Oleander Power Project L.P. reasonable?

OPC: No position at this time.

ISSUE 18J: Should the Commission allow Florida Power & Light Company to recover through the fuel and capacity cost recovery clauses payments made to Cedar Bay resulting from litigation between FPL and Cedar Bay?

OPC: No position at this time.

### **Florida Power Corporation**

ISSUE 19A: 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 2000?

OPC: No position at this time.

ISSUE 19B: Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

OPC: No position at this time.

ISSUE 19C: Has Florida Power Corporation properly calculated the 2000 price for waterborne transportation services provided by Electric Fuels Corporation?

OPC: No position at this time.

ISSUE 19D: For the period March 1999, to March 2001, did Florida Power take reasonable steps to manage the risk associated with changes in natural gas prices?

OPC: This issue should be deferred to allow the Commission to gather more information prior to decision.

ISSUE 19E: Were Florida Power's replacement fuel costs for the unplanned outage at Crystal

River Unit 2, commencing on June 1, 2000, reasonable?

OPC: No position at this time.

ISSUE 19F: Should the Commission allow Florida Power to recover payments made to Lake Cogen, Ltd. resulting from litigation between Florida Power and Lake Cogen, Ltd.?

OPC: No position at this time.

### **Florida Public Utilities Company**

ISSUE 20A: As stated in Audit Disclosure No. 1 in Audit Control No. 01-053-4-2, did Florida Public Utilities Company charge its ratepayers in its GSD class a fuel cost recovery factor that was less than the Commission-approved fuel cost recovery factor for that class?

OPC: Yes.

ISSUE 20B: If Florida Public Utilities Company did charge its ratepayers in its GSD class a fuel cost recovery factor that was less than the Commission-approved fuel cost recovery factor for that class, what are the appropriate corrective actions Florida Public Utilities Company should take?

OPC: The dollar amount should be credited to ratepayers that overpaid with interest.

### **Tampa Electric Company**

ISSUE 21A: What is the appropriate 2000 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

OPC: No position at this time.

ISSUE 21B: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 2000 waterborne transportation benchmark price?

OPC: No position at this time.



ISSUE 21C: For the period January 1998, to December 2000, were Tampa Electric Company's decisions regarding its wholesale energy purchases from and its wholesale energy sales to Hardee Power Partners reasonable?

OPC: No position at this time.

ISSUE 21D: For the period January 1998, to December 2000, were Tampa Electric Company's decisions regarding its wholesale energy purchases from and its wholesale energy sales to non-affiliated entities reasonable?

OPC: No position at this time.

ISSUE 21E: Is Tampa Electric's lease of 39 portable generators to provide 70 MW of peaking capacity reasonable?

OPC: No position at this time.

ISSUE 21F: Is Tampa Electric's proposal to refund \$6.37 million from 1999 earnings to its ratepayers from January 2002, to March 2002, reasonable?

OPC: No position at this time.

ISSUE 21G: Does Tampa Electric currently allocate 100% of purchased power costs to retail customers? If so, what action if any should the commission take?

OPC: No position at this time.

ISSUE 21H: Should Tampa Electric's separated wholesale sales be charged average system fuel costs and should non-separated sales be charged system incremental costs?

OPC: No position at this time.

ISSUE 21K: Should the Commission open a docket to conduct an investigation of Tampa Electric Company's affiliate transactions and its procurement of power for its wholesale customers to determine whether Tampa Electric Company's actions regarding affiliate transactions are prudent and beneficial to retail customers?

OPC: No position at this time.

## **Gulf Power Company**

ISSUE 22A: Were Gulf Power's replacement fuel costs for the unplanned outage at Crist Unit 2, commencing on August 2, 2000, reasonable?

OPC: No position at this time.

ISSUE 22B: As stated in Audit Disclosure No. 3 of Audit Control No. 01-053-1-1 and Audit Disclosure No. 3 of Audit Control No. 01-023-1-1, did Gulf Power Company overstate Interchange Sales reported for the year ended December 31, 2000, by \$385,796?

OPC: Yes.

ISSUE 22C: If Gulf Power Company did overstate Interchange Sales reported for the year ended December 31, 2000, by \$385,796, what are the appropriate corrective actions that Gulf Power Company should take?

OPC: Pursuant to Mr. McMillan's testimony, Gulf Power Company made a correcting entry in July 2001 by the same amount. See McMillan testimony at p. 3.

## **GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

ISSUE 23: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January, 2000 through December, 2000 for each investor-owned electric utility subject to the GPIF?

OPC: No position at this time.

ISSUE 24: What should the GPIF targets/ranges be for the period January, 2002 through December, 2002 for each investor-owned electric utility subject to the GPIF?

OPC: No position at this time.

## **COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

ISSUE 24A: Should the actual 2000 heat rates for the Big Bend Units #1 and #2 be adjusted for the flue gas desulfurization's (FGD) impact on Tampa Electric's 2000 reward/penalty?

OPC: No position at this time.

ISSUE 24B: Should the heat rate targets for the year 2002 for Big Bend Units #1 and #2 be adjusted for the FGD's impact on Tampa Electric's eventual 2002 reward/penalty?

OPC: No position at this time.

## **GENERIC CAPACITY COST RECOVERY FACTOR ISSUES**

ISSUE 25: What are the appropriate final capacity cost recovery true-up amounts for the period January, 2000 through December, 2000?

OPC: No position at this time.

ISSUE 26: What are the appropriate estimated/actual capacity cost recovery true-up amounts for the period January, 2001 through December, 2001?

OPC: No position at this time.

ISSUE 27: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January, 2002 through December, 2002?

OPC: No position at this time.

ISSUE 28: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January, 2002 through December, 2002?

OPC: No position at this time.

ISSUE 29: What are the appropriate jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January, 2002 through December, 2002?

OPC: No position at this time.

ISSUE 30: What are the projected capacity cost recovery factors for each rate class/delivery class for the period January, 2002 through December, 2002?

OPC: No position at this time.

### **COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES**

ISSUE 31: What is the appropriate adjustment to Gulf Power Company's total recoverable capacity payments to reflect the former capacity transactions embedded in the company's base rates, as reflected on line 8 of Schedule CCE-1?

OPC: No position at this time.

E. STATEMENT OF LEGAL ISSUES AND POSITIONS: None at this time.

F. STATEMENT OF POLICY ISSUES AND POSITIONS: None at this time.

G. STIPULATED ISSUES: None.


H. PENDING MOTIONS: None.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Respectfully submitted,

Jack Shreve  
Public Counsel



Robert D. Vandiver  
Associate Public Counsel

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Attorneys for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE  
DOCKET NO. 000001-EI**

I HEREBY certify that a copy of the foregoing PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL has been served by \*hand delivery or U.S. Mail to the following parties of record on this 31st day of October, 2001.

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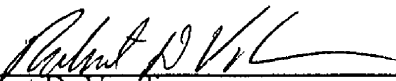
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