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COMMISSION  
CLERK

October 11, 2010

HAND DELIVERED

Ms. Ann Cole, Director  
Division of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating  
Performance Incentive Factor; FPSC Docket No. 100001-EI

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa  
Electric Company's Prehearing Statement.

Also enclosed is a CD containing the above-referenced Prehearing Statement generated  
on a Windows 98 operating system and using Word 2000 as the word processing software.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this  
letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp  
Enclosures

- COM \_\_\_\_\_
- APA |
- ECR |
- GCL |
- RAD |
- SSC \_\_\_\_\_
- ADM \_\_\_\_\_
- OPC \_\_\_\_\_
- CLK \_\_\_\_\_

cc: All parties of record (w/enc.)  
12/10 containing the same also fwd.

FILE NUMBER DATE  
08466 OCT 11 2010  
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased )  
Power Cost Recovery Clause )  
And Generating Performance )  
Incentive Factor. )  
\_\_\_\_\_ )

DOCKET NO. 100001-EI  
FILED: October 11, 2010

**TAMPA ELECTRIC COMPANY'S  
PREHEARING STATEMENT**

**A. APPEARANCES:**

JAMES D. BEASLEY  
J. JEFFRY WAHLEN  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
On behalf of Tampa Electric Company

**B. WITNESSES:**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Carlos Aldazabal (TECO)	Company-Specific Fuel Adjustment Factors	5A
	Generic Fuel Adjustment Issues	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
	Generic Capacity Cost Recovery Factor Issues	27, 28, 30, 31, 32, 33
2. Brian S. Buckley (TECO)	Generic Generating Performance Incentive Factor Issues	12, 21, 22
3. Benjamin F. Smith (TECO)	Company-Specific Fuel Adjustment Issues	5A, 5B
	Generic Fuel Adjustment Issues	12

DOCUMENT NUMBER-DATE

08466 OCT 11 2010

FPSC-COMMISSION CLERK

	Generic Capacity Cost Recovery Factor Issues	31
4. Joann T. Wehle (TECO)	Company-Specific Fuel Adjustment Issues	5A, 5B
	Generic Fuel Adjustment Issues	12

**C. EXHIBITS:**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>          </u> (CA-1)	Aldazabal	Fuel Cost Recovery January 2009 - December 2009
<u>          </u> (CA-1)	Aldazabal	Capacity Cost Recovery January 2009 – December 2009
<u>          </u> (CA-2)	Aldazabal	Fuel Cost Recovery, Projected January 2010 – December 2010
<u>          </u> (CA-2)	Aldazabal	Capacity Cost Recovery, Projected January 2010 – December 2010
<u>          </u> (CA-3)	Aldazabal	Fuel Cost Recovery, Projected January 2011 – December 2011
<u>          </u> (CA-3)	Aldazabal	Capacity Cost Recovery, Projected January 2011 – December 2011
<u>          </u> (CA-3)	Aldazabal	Levelized and Tiered Fuel Rate
<u>          </u> (BSB-1)	Buckley	Generating Performance Incentive Factor Results January 2009 – December 2009
<u>          </u> (BSB-2)	Buckley	Generating Performance Incentive Factor Estimated January 2011 – December 2011

**D. STATEMENT OF BASIC POSITION**

**Tampa Electric Company's Statement of Basic Position:**

The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery and GPIF true-up and projection calculations, including the proposed fuel adjustment factor of 4.225 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage; the company's proposed for the period January through December 2011; a GPIF reward of \$1,830,855 and approval of the company's proposed GPIF targets and ranges for 2011. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of \$2,325,363 for calendar year 2011.

**E. STATEMENT OF ISSUES AND POSITIONS**

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

**Tampa Electric Company**

**ISSUE 5A:** Should the Commission approve as prudent, TECO's actions to mitigate the volatility of natural gas, residual oil and purchased power prices, as reported in TECO's April 2010 and September 2010 hedging reports?

**TECO:** Yes. Tampa Electric prudently followed its 2009 and 2010 Risk Management Plans and accordingly utilized financial hedges to mitigate volatility of natural gas prices during the period January 2009 through July 2010. (Witness: Aldazabal, Wehle, Smith)

**ISSUE 5B:** Should the Commission approve TECO's 2011 Risk Management Plan?

TECO: Yes. Tampa Electric's 2011 Risk Management Plan provides prudent, non-speculative guidelines for mitigating price volatility while ensuring supply reliability. (Witness: Wehle, Smith)

#### **GENERIC FUEL ADJUSTMENT ISSUES**

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2010 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: \$2,002,890. (Witness: Aldazabal)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

TECO: \$2,325,363. (Witness: Aldazabal)

ISSUE 8: What are the appropriate final fuel adjustment true-up amounts for the period January 2009 through December 2009?

TECO: \$14,108,291 over-recovery. (Witness: Aldazabal)

ISSUE 9: What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010?

TECO: \$52,979,582 over-recovery. (Witness: Aldazabal)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2011 to December 2011?

TECO: \$67,087,873 over-recovery. (Witness: Aldazabal)

ISSUE 11: 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 2011 through December 2011?

TECO: The appropriate revenue tax factor is 1.00072. (Witness: Aldazabal)

ISSUE 12: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2011 through December 2011?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2011 through December 2011, adjusted by the jurisdictional separation factor, is \$862,959,690. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up and GPIF and adjusted for the revenue tax factor, is \$798,275,699. (Witness: Aldazabal, Wehle, Buckley, Smith)

ISSUE 13: What are the appropriate levelized fuel cost recovery factors for the period January 2011 to December 2011?

TECO: The appropriate factor is 4.218 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage. (Witness: Aldazabal)

ISSUE 14: 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?

TECO: The appropriate fuel recovery line loss multipliers are as follows:

<u>Metering Voltage Schedule</u>	<u>Line Loss Multiplier</u>
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

(Witness: Aldazabal)

ISSUE 15: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

TECO: The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>	
Secondary	4.225	
Tier I (Up to 1,000 kWh)	3.875	
Tier II (Over 1,000 kWh)	4.875	
Distribution Primary	4.183	
Transmission	4.141	
Lighting Service	4.134	
Distribution Secondary	4.817	(on-peak)
	3.994	(off-peak)
Distribution Primary	4.769	(on-peak)
	3.954	(off-peak)
Transmission	4.721	(on-peak)
	3.914	(off-peak)

(Witness: Aldazabal)

ISSUE 16: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

TECO: The new factors should be effective beginning with the specified billing cycle and thereafter for the period January 2011 and thereafter through the last billing cycle for December 2011. The first billing cycle may start before January 1, 2011, and the last billing cycle may end after December 31, 2011, so long as each customer is billed for 12 months regardless of when the fuel factors became effective.

(Witness: Aldazabal)

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

ISSUE 21: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2009 through December 2009 for each investor-owned electric utility subject to the GPIF?

TECO: A reward in the amount of \$1,830,855. (Witness: Buckley)

ISSUE 22: What should the GPIF targets/ranges be for the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

TECO: The appropriate targets and ranges are shown in Exhibit No. \_\_\_\_ (BSB-2) to the prefiled testimony of Mr. Brian S. Buckley. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and later modified in 2006 after meeting with Staff and intervening parties at the request of the Commission. (Witness: Buckley)

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

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2009 through December 2009?

TECO: \$21,184 over-recovery. (Witness: Aldazabal)

ISSUE 28: What are the appropriate capacity cost recovery true-up amounts for the period January 2010 through December 2010?

TECO: \$74,275 under-recovery. (Witness: Aldazabal)

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/ refunded during the period January 2011 through December 2011?

TECO: \$53,091 under-recovery. (Witness: Aldazabal)

ISSUE 31: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2011 through December 2011?



TECO: The purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2011 through December 2011, adjusted by the jurisdictional separation factor, is \$54,814,246. The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$54,906,841. (Witness: Aldazabal, Smith)

ISSUE 32: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2011 through December 2011?

TECO: The appropriate jurisdictional separation factor is 0.9674819. (Witness: Aldazabal)

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2011 through December 2011?

TECO: The appropriate factors for January 2011 through December 2011 are as follows:

<u>Rate Class and Metering Voltage</u>	<u>Capacity Cost Recovery Factor</u>	
	<u>Dollars per kWh</u>	<u>Dollars per kW</u>
RS Secondary	0.336	
GS and TS Secondary	0.294	
GSD, SBF Standard		
Secondary		1.07
Primary		1.06
Transmission		1.05
GSD Optional		
Secondary	0.255	
Primary	0.253	
IS, SBI		
Primary		0.87
Transmission		0.86
LS1 Secondary	0.078	

(Witness: Aldazabal)

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

TECO: None at this time.

**F. STIPULATED ISSUES**

TECO: None at this time.

**G. MOTIONS**

TECO: None at this time.

**H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY**

TECO: Tampa Electric has pending several requests for confidential treatment of information relating to hedging practices, risk management strategies and fuel and fuel transportation contract matters.

**I. OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT**

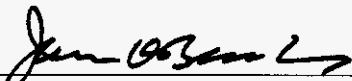
TECO: None at this time.

**J. OTHER MATTERS**

TECO: None at this time.

DATED this 11<sup>th</sup> day of October 2010.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (\*) on this 11th day of October 2010 to the following:

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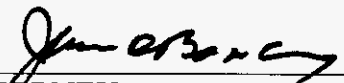
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