

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power) DOCKET NO. 930001-EI
Cost Recovery Clause and) ORDER NO. PSC-93-0251-PHO-EI
Generating Performance Incentive) ISSUED: 2/16/93
Factor.)
_____)

Pursuant to Notice, a Prehearing Conference was held on February 11, 1993, in Tallahassee, Florida, before Chairman J. Terry Deason, as Prehearing Officer.

APPEARANCES:

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

MATTHEW M. CHILDS, Esquire, Steel Hector & Davis, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301
On behalf of Florida Power & Light Company.

LAURA L. WILSON, Esquire, Messer, Vickers, Caparello, Madsen, Lewis, Goldman & Metz, P.A., Post Office Box 1876, Tallahassee, Florida 32302-1876
On behalf of Florida Public Utilities Company.

G. EDISON HOLLAND, JR., Esquire, and JEFFREY A. STONE, Esquire, Beggs & Lane, 700 Blount Building, 3 West Garden Street, Post Office Box 12950, Pensacola, Florida 32576-2950
On behalf of Gulf Power Company.

LEE L. WILLIS, Esquire, and JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee, Carothers and Proctor, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company.

VICKI GORDON KAUFMAN, Esquire, McWhirter, Grandoff and Reeves, 315 South Calhoun Street, Suite 716, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group.

JOHN ROGER HOWE, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Suite 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida.

MARTHA CARTER BROWN, Esquire, 101 East Gaines Street, Tallahassee, Florida 32399-0863
On behalf of the Staff of the Florida Public Service Commission.

DOCUMENT NUMBER-DATE

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PRENTICE P. PRUITT, Esquire, Office of the General Counsel, 101 East Gaines Street, Tallahassee, Florida, 32399-0861
Counsel to the Commissioners.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing fuel and energy conservation cost and purchased gas cost recovery proceedings, a hearing is set for February 17-19, 1993 in this docket and in Dockets No. 930002-EG and 930003-GU. The following subjects were noticed for hearing in such dockets:

1. Determination of the Proposed Levelized Fuel Adjustment Factors for all investor-owned utilities for the period April, 1993 through September, 1993;
2. Determination of the Estimated Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period October, 1992 through March, 1993, which are to be based on actual data for the period October, 1992 through November, 1992, and revised estimates for the period December, 1992 through March, 1993;
3. Determination of the Final Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April, 1992 through September, 1992, which are to be based on actual data for that period;
4. Determination of Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period April, 1993 through September, 1993.
5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period October, 1992 through March, 1993, which are to be based on actual data for the period October, 1992 through November, 1992 and revised estimates for the period December, 1992 through March, 1993.

6. Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1992 through September, 1992, which are to be based on actual data for that period;
7. Determination of any Projected Oil Backout Cost Recovery Factors for the period April, 1993 through September, 1993, for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code.
8. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period October, 1992 through March, 1993, for the costs of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code, which are to be based on actual data for the period October, 1992 through November, 1992, and revised estimates for the period December, 1992 through March, 1993.
9. Determination of the Final Oil Backout True-Up Amounts for the period April, 1992 through September, 1992, which are to be based on actual data for that period;
10. Determination of Generating Performance Incentive Factor Targets and Ranges for the period April, 1993 through September, 1993;
11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period April, 1992 through September, 1992;
12. Determination of the Purchased Gas Adjustment Factors to be applied during the period April, 1993 through September 1993.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such

request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093(3), Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

Witnesses whose names are preceded by an asterisk have been excused. The parties have stipulated that the testimony of those witnesses will be inserted into the record as though read, and cross-examination will be waived.

IV. ORDER OF WITNESSES

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
*K.H. Wieland	FPC	1-9, 12-13, 18-23

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
*W.C. Micklon	FPC	12 and 13
*E. L. Hoffman	FPL	1-3, 14-20
C. O'Farrill	FPL	10a,10b,10c
*R. Silva	FPL	4,5,6,7,8
*B. T. Birkett		
*F. R. Overby	FPL	12,13
*B. T. Birkett	FPL	21,22,24
*S. S. Waters		
*Bachman	FPUC	1-7
*M. L. Gilchrist	Gulf	1,2,4,8
*M. W. Howell	Gulf	1,2,4, 19,21
*S. D. Cranmer	Gulf	1,2,3,4 6,7,18,19, 20,21,22
*G. D. Fontaine	Gulf	12,13
*J. Edwin Mulder	TECO	1,2,3,4,6,7,18, 19,20,21,22
*G. A. Keselowsky	TECO	12,13
*R. F. Tomczak/ *E. A. Simokat	TECO	14,15,16,17
W. N. Cantrell	TECO	11a,11b,11c
L. F. Metzroth	TECO	11a,11b,11c
Tim Shea	Staff	11a,11b,11c

V. BASIC POSITIONS

FLORIDA POWER CORPORATION (FPC): None Necessary.

FLORIDA POWER & LIGHT COMPANY (FPL): None Necessary.

FLORIDA PUBLIC UTILITIES COMPANY (FPUC): Florida Public Utilities has properly projected its costs and calculated its true-up amounts and purchased power cost recovery factors. Those factors should be approved by the Commission.

GULF POWER COMPANY (GULF): It is the basic position of Gulf Power Company that the proposed fuel factors and capacity cost recovery factors present the best estimate of Gulf's fuel and purchased power expense (both energy and capacity) for the period April 1993 through September 1993 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

TAMPA ELECTRIC COMPANY (TECO): The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery, GPIF, and oil backout cost recovery true-up calculations and projections, including the proposed fuel adjustment factor of 2.567 cents per KWH before application of factors which adjust for variation in line losses; the proposed capacity cost recovery factors; a GPIF reward of \$318,938; and an oil backout cost recovery factor of .065 cents per KWH.

FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG): In 1974 this Commission began an investigation of the use of fuel adjustment clauses by the investor-owned utilities. The investigation was precipitated by an Attorney General opinion which prohibited the Commission from approving automatic rate modifications through a fuel adjustment clause. As a result of the investigation, the Commission found that "only the delivered cost of fuel to the generating plant site be used in determining a utility's fuel adjustment charge." Order No. 6357 at 4. Further, as a result of the investigation, the Commission began to hold monthly fuel adjustment hearings (subsequently changed to semi-annual) to review utility fuel transactions.

Some ten years later, in Order No. 14546, the Commission revisited the fuel adjustment clause mechanism and specifically discussed the purpose of the fuel adjustment mechanism -- to allow

utilities to recover "[p]rudently incurred fossil fuel-related expenses which are subject to volatile changes" Order No. 14546 at 2. The Commission recognized the need to guarantee rates for these volatile fuel expenses.

Over the years, utilities have attempted to include more and more ancillary expenses which are only tangentially related to fuel in the fuel adjustment clause. This allows them to take advantage of the guaranteed rate approach while removing incentives to be cost-effective and goes beyond the purpose and intent of the fuel adjustment mechanism.

Several of the requests for recovery pending in this docket illustrate this point. FIPUG believes it would be appropriate for the Commission to clarify exactly what expenses it deems appropriate for collection through the fuel adjustment mechanism. Such expenses should be narrowly and explicitly defined. The Commission's intent in adopting the fuel adjustment mechanism was to permit the utilities to recover only volatile fossil fuel-related expenses, not to permit operating costs and/or other items more appropriately recovered through base rates to automatically flow through the clause. FIPUG believes the Commission should clarify its fuel adjustment clause policy to permit recovery through the clause of only prudently incurred volatile fossil fuel-related expenses.

OFFICE OF PUBLIC COUNSEL (OPC): Only those fuel related costs demonstrated by the utilities to have been prudently incurred should be allowed for fuel cost recovery.

STAFF: None.

VI. ISSUES AND POSITIONS

Generic Fuel Adjustment Issues

STIPULATED

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period April, 1992 through September, 1992?

FPC: \$13,863,288 Underrecovery.

FPL: \$13,545,567 Underrecovery.

FPUC: \$170,987 Underrecovery. (Marianna)
\$19,913 Overrecovery. (Fernandina Beach)

GULF: \$1,732,139 Underrecovery.

TECO: \$3,689,497 Underrecovery, subject to recalculation to reflect the Commission's decision on company specific issues.

STIPULATED

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period October, 1992 through March, 1993?

FPC: \$815,209 Underrecovery.

FPL: \$30,965,019 Underrecovery.

FPUC: \$186,021 Underrecovery. (Marianna)
\$5,813 Underrecovery. (Fernandina Beach)

GULF: \$1,199,942 Underrecovery.

TECO: \$321,932 Underrecovery, subject to recalculation to reflect the Commission's decision on company specific issues.

STIPULATED

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period April, 1993 through September, 1993?

FPC: \$14,678,497 Underrecovery.

FPL: \$44,510,586 Underrecovery.

FPUC: \$357,008 Underrecovery. (Marianna)
\$14,100 Overrecovery. (Fernandina Beach)

GULF: \$2,932,081 Underrecovery.

TECO: \$4,011,429 Underrecovery, subject to recalculation to reflect the Commission's decision on company specific issues.

STIPULATED

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1993 through September, 1993?

FPC: 2.171 cents per kWh - Standard rates*
2.780 cents per kWh - TOU On-Peak rates*
1.854 cents per kWh - TOU Off-Peak rates*
The factors are subject to recalculation to reflect the Commission's decision on company specific issues.
*Before line loss adjustment.

FPL: 2.260 cents/kwh is the levelized recovery charge for non-time differentiated rates and 2.432 cents/kwh and 2.174 cents/kwh are the levelized fuel recovery charges for the on-peak and off-peak periods, respectively, for the differentiated rates. The factors are subject to recalculation to reflect the Commission's decision on company specific issues.

FPUC: 3.266 cents/kwh (Marianna).
4.422 cents/kwh (Fernandina Beach).

These factors are calculated to include true-up and revenue tax, exclude demand cost recovery, and have not been adjusted for line losses.

GULF: 2.216 cents per KWH.

TECO: 2.567 cents per KWH before application of the factors which adjust for variations in line losses. The factor is subject to recalculation to reflect the Commission's decision on company specific issues.

STIPULATED

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

POSITION: The factor should be effective beginning with the specified fuel cycle and thereafter for the period April, 1993 through September, 1993. Billing cycles may start before April 1, 1993, and the last cycle may be read after September 30, 1993, so that each customer is billed for six months regardless of when the adjustment factor became effective.

STIPULATED

ISSUE 6: What are the appropriate fuel recovery loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class?

FPC:

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
A.	Transmission	0.9786
B.	Distribution Primary	0.9888
C.	Distribution Secondary	1.0027
D.	Lighting Service	1.0027

FPL: FPL's fuel recovery loss multipliers have not changed from those approved at the August 1992 Hearings and are listed in response to Issue No. 7.

FPUC: Marianna

<u>Rate Schedule</u>	<u>Multiplier</u>
RS	1.0126
GS	0.9963
GSD	0.9963
OL, OL-2	1.0126
SL-1, SL-2	0.9881

Fernandina Beach

<u>Rate Schedule</u>	<u>Multiplier</u>
All Rate Schedules	1.000

GULF: See table below:

<u>Group</u>	<u>Rate Schedules</u>	<u>Line Loss Multipliers</u>
A	RS, GS, GSD, OSIII, OSIV	1.01228
B	LP	0.98106
C	PX	0.96230
D	OSI, OSII	1.01228

<u>TECO:</u>	<u>Multiplier</u>
Group A	1.0064
Group A1	1.0064
Group B	1.0012
Group C	0.9721
System	1.0000

STIPULATED

ISSUE 7: What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

<u>FPC:</u>	<u>Delivery</u>	<u>Fuel Cost Factors (cents/kWh)</u>		
		<u>Standard</u>	<u>Time of Use</u>	
<u>Group</u>	<u>Voltage Level</u>			<u>On-Peak</u>
A.	Transmission	2.125	2.721	1.814
B.	Distribution Primary	2.147	2.749	1.833
C.	Distribution Secondary	2.177	2.788	1.859
D.	Lighting Service	2.033		

The factors may be subject to recalculation to reflect the Commission's decision on company specific issues.

<u>FPL:</u>	<u>RATE SCHEDULE</u>	<u>LOSS MULTIPLIER</u>	<u>FUEL RECOVERY FACTOR¢/kwh</u>
<u>GROUP</u>			
A	RS-1,GS-1,SL-2	1.00145	2.264
A-1	SL-1,OL-1	1.00145	2.218
B	GSD-1	1.00139	2.264
C	GSLD-1 & CS-1	1.00044	2.261
D	GSLD-2,CS-2,OS-2 & MET	0.99566	2.251
E	GSLD-3 & CS-3	0.96726	2.186
A	RST-1,GST-1 ON-PEAK	1.00145	2.436
	OFF-PEAK	1.00145	2.177
B	GSDT-1 ON-PEAK	1.00139	2.436
	OFF-PEAK	1.00139	2.177
C	GSLDT-1 & ON-PEAK	1.00044	2.433
	CST-1 OFF-PEAK	1.00044	2.175
D	GSLDT-2 & ON-PEAK	0.99566	2.422
	CST-2 OFF-PEAK	0.99566	2.164

GROUP	RATE SCHEDULE	LOSS MULTIPLIER	FUEL RECOVERY FACTOR¢/kwh
E	GSLDT-3, CST-3 ON-PEAK	0.96726	2.353
	CILC-1(T) OFF-PEAK	0.96726	2.103
	&ISST-1(T)		
F	CILC-1(D) & ON-PEAK	0.99415	2.418
	ISST-1(D) OFF-PEAK	0.99415	2.161

The factors may be subject to recalculation to reflect the Commission's decision on company specific issues.

FPUC:

Marianna

Rate Schedule

RS
 GS
 GSD
 OL, OL-2
 SL-1, SL-2

Factor

5.357¢/kwh
 5.015¢/kwh
 4.592¢/kwh
 3.307¢/kwh
 3.227¢/kwh

Fernandina Beach

Rate Schedule

RS
 GS
 GSD
 OL, SL, CSL

Factor

5.753¢/kwh
 5.509¢/kwh
 5.335¢/kwh
 4.799¢/kwh

These factors include demand cost recovery.

GULF:

See table below:

Group	Rate Schedules	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, OSIII, OSIV	2.243	2.419	2.161
B	LP	2.174	2.345	2.095

C	PX	2.132	2.300	2.055
D	OSI, OSII	2.183	N/A	N/A

<u>TECO:</u>	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.583	3.465	2.270
Group A1	2.450	-	-
Group B	2.570	3.447	2.259
Group C	2.495	3.347	2.193
System	2.567	3.443	2.256

The factors may be recalculated to reflect the Commission's decision on company specific issues.

STIPULATED

ISSUE 8: Should investor-owned electric utilities change the frequency of coal inventory aerial surveys from quarterly to semi-annually?

POSITION: The Commission should approve the change in the frequency of aerial coal inventory surveys from quarterly to semi-annually for a two-year period. During this period, Commission Staff will review the impact of the less frequent surveys on inventory adjustments to determine whether to recommend a permanent change.

ISSUE 8a: What type of expenses should the Commission permit utilities to recover through the fuel adjustment clause?

This issue is a policy issue that the parties have agreed should be addressed in brief oral argument at the commencement of the hearing.

FIPUG: Utilities should be permitted to recover only prudently incurred volatile fossil fuel-related expenses through the clause. The clause should not become a "catch-all" for expenses which are more appropriately recovered through base rates, such as operating expenses.

- FPL:** Agree with Staff.
- FPC:** Agree with Staff.
- FPUC:** Agree with Staff.
- GULF:** Agree with Staff.
- TECO:** Tampa Electric concurs with the Staff's view that this issue should be dropped.
- OPC:** Agree with FIPUG.
- STAFF:** Staff recommends that it is not necessary to include this issue in this proceeding. Order No. 14546, issued July 8, 1985, in Docket No. 850001-EI-B, more than adequately explains the type of expenses that are appropriate for recovery through the fuel adjustment clause. See Attachment 5. The Commission may rely on the standards established in that order to determine whether the particular costs the utilities have identified for recovery in this fuel proceeding are appropriate. Staff further recommends that if it is necessary to revisit this issue, the Commission should conduct that review in a separate proceeding.

Company-Specific Fuel Adjustment Issues

Florida Power Corporation

STIPULATED

ISSUE 9a: Should Florida Power Corporation be permitted to recover through the fuel adjustment clause the cost of its affiliate, Electric Fuels Corporation's, charge for a return on equity on EFC's investment in locomotives?

POSITION: Yes. Florida Power Corporation has projected that the purchase of the locomotives will result in a reduction in rail transportation costs. This reduction will provide savings to FPC's ratepayers in excess of EFC's charge for a return on equity on EFC's investment in the locomotives.

STIPULATED

ISSUE 9b: Should Florida Power Corporation be allowed to recover through the fuel adjustment clause the charges associated with gas transportation to FPC's University of Florida cogeneration project?

POSITION: Yes. The costs are reasonable gas transportation costs for FPC's University of Florida cogeneration project and are appropriately recoverable through the fuel adjustment clause.

DEFERRED TO THE AUGUST, 1993, FUEL PROCEEDING

ISSUE 9c: Should Florida Power Corporation be permitted to recover through the fuel adjustment clause \$972,000 in payments to the Department of Energy (DOE) for costs of the decontamination and decommissioning of the DOE's uranium enrichment plants?

ISSUE 9d: Should FPC be permitted to recover its payments to DOE for the costs of the decontamination and decommissioning of the DOE's uranium enrichment plants for this period subject to refund pending the Commission's decision on Issue 9c in the August, 1993, fuel proceeding?

FPC: No position.

FIPUG: Agree with Staff. FPC should not be permitted to collect the Department of Energy decontamination and decommissioning costs in the upcoming period subject to refund pending the Commission's substantive decision on this issue which has been deferred to August. This is a new cost which should be fully explored before recovery is permitted. If the Commission permits recovery after reviewing this issue in August, the amounts at issue can be tried up in August.

STAFF: No. FPC should not be permitted to recover the payments at this time. The costs associated with the DOE's decontamination and decommissioning of its enrichment plants are projected costs at this time, and they can be tried up after the Commission makes its decision in August.

Florida Power and Light Company

ISSUE 10a: Should Florida Power and Light Company be permitted to recover through the fuel adjustment clause \$550,000. of Clean Air Act operating fees?

FPL: Yes. Since the amount of emissions on which the fee is based varies with the amount and type of fuel consumed at each generating unit, the amount of the annual operating fees will also fluctuate. In Order No. 14546, dated July 8, 1985, the Commission stated that fuel-related costs which are volatile are more properly recovered through the Fuel Cost Recovery Clause. Therefore, FPL believes that recovery of the annual operating fees through the Fuel Cost Recovery Clause is appropriate.

FIPUG: No. See FIPUG's Issue 8a. Additionally, FIPUG has no objection to considering these costs in a generic docket as suggested by Staff.

OPC: No.

STAFF: No. Investigation of the appropriate recovery of compliance costs associated with the Clean Air Act Amendment should be in a generic docket.

DEFERRED TO THE AUGUST, 1993, FUEL PROCEEDING

ISSUE 10b: Should Florida Power and Light Company be permitted to recover through the fuel adjustment clause \$2,580,000 in payments to the Department of Energy (DOE) for costs of the decontamination and decommissioning of the DOE's uranium enrichment plants?

ISSUE 10c: Should FPL be permitted to recover subject to refund the payments it makes to DOE for the costs of the decontamination and decommissioning of the DOE's uranium enrichment plants for this period?

FPL: Yes.

FIPUG: Agree with Staff. FPL should not be permitted to collect the Department of Energy decontamination and decommissioning costs in the upcoming period subject to refund pending the Commission's substantive decision on this issue which has been deferred to August. This is a

new cost which should be fully explored before recovery is permitted. If the Commission permits recovery after reviewing this issue in August, the amounts at issue can be tried up in August.

STAFF: No. FPL should not be permitted to recover the payments at this time. The costs associated with the DOE's decontamination and decommissioning of its enrichment plants are projected costs at this time, and they can be tried up after the Commission makes its decision in August.

ISSUE 10d: Should Florida Power and Light Company be permitted to recover through the fuel adjustment clause \$4,087,634 in litigation costs associated with the IMC contract arbitration?

FPL: Yes. FPL believes the recovery of these litigation costs through the Fuel Cost Recovery Clauses is appropriate as recognized by Commission Order No. 18136 in Docket No. 870001-EI which states that "we encourage all reasonable litigation that can reasonably be expected to result in reduced fuel cost for the retail ratepayers."

FIPUG: No. See FIPUG's Issue 8a.

OPC: No. Even though litigation costs are related to fuel issues, they are not fuel costs themselves.

STAFF: No position at this time.

Tampa Electric Company

DEFERRED FROM THE AUGUST, 1992 HEARINGS

ISSUE 11a: What is the appropriate 1991 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

TECO: Calculated in the same manner as was applied in previous fuel adjustment proceedings for 1988, 1989 and 1990, the index is \$38.38. Using the contract average quality, or "sanity check" method described in Order No. PSC-92-1048-FOF-EI, the index for 1991 is \$38.79. The benchmark index calculation by the John Pyrdol method, the method used to establish the initial benchmark price of \$39.44,

is \$42.42. However, this amount is slightly larger than the year-to-year method determination of \$42.39 which Tampa Electric urged in Docket No. 920041-EI as the most appropriate way to calculate the benchmark consistent with Order No. 20298.

FIPUG: No position.

OPC: The 1991 benchmark should be calculated in the same manner used by Tampa Electric's witness, Mr. William Cantrell, to calculate the 1990 benchmark for the August, 1991, fuel cost recovery hearing. The Benchmark price is \$38.26 per ton.

STAFF: The 1991 benchmark price is \$38.26 per ton.

ISSUE 11b: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff coal Company that are in excess of the 1991 benchmark price?

TECO: Yes. If the Commission selects a benchmark calculation which is less than the price Tampa Electric paid to Gatliff in 1991, then Tampa Electric has justified the payments in excess of such benchmark.

FIPUG: No position.

OPC: No.

STAFF: No.

ISSUE 11c: Should TECO be ordered to refund the excess cost of Gatliff coal above the 1991 benchmark?

FIPUG: If the Commission determines that TECO has collected in excess of the appropriate amount related to coal purchases from Gatliff, any overage should be flowed back to customers through the fuel adjustment clause.

TECO: No.

OPC: Yes.

STAFF: Yes.

Generic Generating Performance Incentive Factor Issues

STIPULATED

ISSUE 12: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1992 through September, 1992?

FPC: \$1,211,009 reward.
FPL: \$2,020,173 reward.
GULF: Reward \$322,504.
TECO: Reward of \$318,938.

STIPULATED

ISSUE 13: What should the GPIF targets/ranges be for the period April, 1993 through September, 1993?

FPC: See Attachment 3.

FPL:

PLANT/UNIT		EQUIVALENT AVAILABILITY FACTOR (%)	AVERAGE NET OPERATING HEAT RATE TARGET (BTU/KWH)
CAPE CANAVERAL	1	83.8	9082
CAPE CANAVERAL	2	79.5	9202
FORT MYERS	2	91.9	9414
MANATEE	1	83.7	9710
MANATEE	2	95.4	9521
MARTIN	1	90.7	9172
MARTIN	2	96.0	9138
PORT EVERGLADES	1	94.8	9791
PORT EVERGLADES	2	91.0	9713
PORT EVERGLADES	3	93.9	9301
PORT EVERGLADES	4	95.4	9353
ST. JOHNS RIVER	1	97.3	9344
ST. JOHNS RIVER	2	98.0	9258
RIVIERA	3	91.1	9864
RIVIERA	4	56.3	9776
SANFORD	4	93.8	9979
TURKEY POINT	1	74.1	9324
TURKEY POINT	2	82.5	9480
TURKEY POINT	3	90.7	11258

PLANT/UNIT		EQUIVALENT AVAILABILITY FACTOR (%)	AVERAGE NET OPERATING HEAT RATE TARGET (BTU/KWH)
TURKEY POINT	4	60.1	11216
ST. LUCIE	1	62.5	10813
ST. LUCIE	2	93.6	10795
WEIGHTED SYSTEM		83.8	9588

GULF: See table below:

Unit	EAF	POF	EUOF	Heat Rate
Crist 6	87.8	0.00	12.18	10,247
Crist 7	62.0	25.12	12.84	9,989
Smith 1	84.8	8.75	6.47	10,178
Smith 2	91.8	2.19	6.01	10,227
Daniel 1	98.0	0.00	2.00	10,498
Daniel 2	97.8	0.00	2.16	10,408

EAF = Equivalent Availability Factor
 POF = Planned Outage Factor
 EUOF = Equivalent Unplanned Outage Factor

TECO: As set forth in Attachment "A" attached to the Prepared Direct Testimony of George A. Keselowsky.
 (See Attachment 4 to this Prehearing Order.)

Company-Specific GPIF Issues

No company-specific GPIF issues have been identified.

Generic Oil Backout Issues

STIPULATED

ISSUE 14: What is the final oil backout true-up amount for the April, 1992 through September, 1992 period?

FPL: \$3,636 Overrecovery.

TECO: \$1,301,825 Overrecovery.

STIPULATED

ISSUE 15: What is the estimated oil backout true-up amount for the period October, 1992 through March, 1993?

FPL: \$185,325 Overrecovery.

TECO: \$988,475 Overrecovery.

STIPULATED

ISSUE 16: What is the total oil backout true-up amount to be collected during the period April, 1993 through September, 1993?

FPL: \$188,961 Overrecovery.

TECO: \$1,580,247 Overrecovery.

STIPULATED

ISSUE 17: What is the projected oil backout cost recovery factor for the period April, 1993 through September, 1993?

FPL: .013 cents/kwh.

TECO: .065 cents/kwh.

Company-Specific Oil Backout Issues

No company-specific oil backout issues have been identified.

Generic Capacity Cost Recovery Issues

STIPULATED

ISSUE 18: What is the final capacity cost recovery true-up amount for the April, 1992 through September, 1992 period?

FPC: None.

FPL: \$5,781,688 Underrecovery.

GULF: Gulf's initial implementation of a purchased power capacity cost recovery factor occurred during the October 1992 through March 1993 recovery period. As a result, Gulf does not have a true-up amount for any periods prior to October 1992.

TECO: \$0. Since Tampa Electric did not have a capacity cost recovery factor in effect for the period April 1992 - September 1992, there is no true-up to consider.

STIPULATED

ISSUE 19: What is the estimated capacity cost recovery true-up amount for the period October, 1992 through March, 1993?

FPC: \$1,662,838 Underrecovery.

FPL: \$29,006,869 Overrecovery.

GULF: Underrecovery \$1,711,114.

TECO: An Underrecovery of \$2,940,455.

STIPULATED

ISSUE 20: What is the total capacity cost recovery true-up amount to be collected during the period April, 1993 through September, 1993?

FPC: \$1,662,838 Underrecovery.

FPL: \$23,225,181 Overrecovery.

GULF: Underrecovery \$1,711,114.

TECO: An Underrecovery of \$2,940,455.

STIPULATED

ISSUE 21: What is the appropriate projected net purchased power capacity cost amount to be included in the recovery factor for the period April, 1993 through September, 1993?

FPC: \$32,570,136.
FPL: \$152,333,871 jurisdictional amount.
GULF: \$1,801,898 jurisdictional.
TECO: \$11,536,771 jurisdictional.

STIPULATED

ISSUE 22: What are the projected capacity cost recovery factors for the period April, 1993 through September, 1993?

<u>FPC:</u>	RS	0.289
	GS-Transmission	0.196
	GS-Primary	0.199
	GS-Secondary	0.202
	GS-100% Load Factor	0.152
	GSD-Transmission	0.140
	GSD-Primary	0.176
	GSD-Secondary	0.179
	CS-Curtailable	0.138
	IS-Transmission	0.145
	IS-Primary	0.147
	LS-Lighting Service	0.057

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR \$/kwh
RS1	0.00442
GS1	0.00412
GSD1	0.00377
OS2	0.00365
GSLD1/CS1	0.00384
GSLD2/CS2	0.00317
GSLD3/CS3	0.00300
ISST1D	0.00261
SST1T	0.00237
SST1D	0.00243
CILCD	0.00264
CILCT	0.00243
MET	0.00337

RATE CLASS	CAPACITY RECOVERY FACTOR \$/kwh
OL1/SL1	0.00203
SL2	0.00279
TOTAL	0.00405

GULF: See table below:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RST	0.048
GS, GST	0.048
GSD, GSDT	0.036
LP, LPT	0.032
PX, PXT	0.027
OSI, OSII	0.005
OSIII	0.029
OSIV	0.003
SS	0.026

TECO: The appropriate factors are as follows:

<u>Rate Schedules</u>	<u>Factor</u>
RS	.217 cents per KWH
GS, TS	.179 cents per KWH
GSD	.149 cents per KWH
GSLD, SBF	.133 cents per KWH
IS-1 & 3, SBI-1 & 3	.012 cents per KWH
SL, OL	.012 cents per KWH

Company-Specific Capacity Cost Recovery Issues

Florida Power and Light Company

STIPULATED

ISSUE 23: Are the capacity payments associated with the 1988 Unit Power Sales Agreement (UPS) between FPL and the Southern

Companies appropriate for recovery through the capacity cost recovery clause?

POSITION: Yes. The 1988 UPS Agreement is a reasonable, prudent and necessary expense which benefits FPL's customers and is not being recovered in any manner. On this basis, the capacity related expenses associated with this power purchase should be recovered through the capacity recovery factor approved by this Commission in Order No. 25773.

VII. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
FPC Wieland	FPC	<u>(KHW-1)</u>	True-up Variance Analysis
Wieland	FPC	<u>(KHW-2)</u>	Schedules A1 through A13
Wieland	FPC	<u>(KHW-3)</u>	Forecast Assumptions (Parts A,B,C and F)
Wieland	FPC	<u>(KHW-4)</u>	Revised Schedules E1 through E11; H1, and Revised Part D
Micklon	FPC	<u>(WCM-1)</u>	Standard Form GPIF Schedules (Reward/ Penalty)
Micklon	FPC	<u>(WCM-2)</u>	Standard Form GPIF Schedules (Targets/ Ranges)
FPL Hoffman	FPL	<u>(ELH-1)</u>	Appendix I/Fuel Cost Recovery True-Up Calculation

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Hoffman	FPL	<u>(ELH-2)</u>	Appendix II/Capacity Cost Recovery True- Up Calculation
Hoffman	FPL	<u>(ELH-3)</u>	Appendix III/Oil Backout Cost Recovery True-Up Calculation
Hoffman	FPL	<u>(ELH-4)</u>	Appendix IV/A Schedules April-September 1992
Overby	FPL	<u>(FRO-1)</u>	Document No.1/GPIF Results
Silva	FPL	<u>(RS-1)</u>	Appendix I/Fuel Cost Recovery Forecast Assumptions
Birkett	FPL	<u>(BTB-1)</u>	Appendix II/Fuel Cost Recovery Calculation of Factor
Hoffman	FPL	<u>(ELH-5)</u>	Appendix III/Fuel Cost Recovery Estimated/ Actual True-Up Calculation
Birkett	FPL	<u>(BTB-2)</u>	Appendix IV/Capacity Cost Recovery Calculation of Factors
Hoffman	FPL	<u>(ELH-6)</u>	Appendix V/Oil Backout Cost Recovery Calculation of Factor
Overby	FPL	<u>(FRO-2)</u>	Document No. 1/GPIF Targets and Ranges
Waters	FPL	<u>(SSW-1)</u>	Document Nos. 1-5 1988 UPS Agreement

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>FPUC</u> Bachman	FPUC	<u>(GMB-1)</u>	Schedules E, E1, E1b, E2, E4, E8, E10, E11, H1 & M1 (Marianna Division)
			Schedules E, E1, E1b, E2, E4, E8, E8A, E10, E11, H1 & F1 (Fernandina Beach Division)
<u>GULF</u> Gilchrist	Gulf	<u>(MLG-1)</u>	Coal Suppliers Apr. - Sept. '92
Gilchrist	Gulf	<u>(MLG-2)</u>	Projected vs. Actual Fuel Cost
Howell	Gulf	<u>(MWH-1)</u>	Projected Capacity Transactions Apr. - Sept. '93
Cranmer	Gulf	<u>(SDC-1)</u>	Fuel Adjustment Final True-up Calculation
Cranmer	Gulf	<u>(SDC-2)</u>	Schedules E-1 thru E11, 12; 13; H-1; CCE-1, CCE-1a; CCE-1b; CCE-2; & monthly A-1 thru A-12, June '92 thru Nov. '92; (development of fuel cost and capacity cost recovery factors)
Fontaine	Gulf	<u>(GDF-1)</u>	GPIF Results Schedules -
Fontaine	Gulf	<u>(GDF-2)</u>	GPIF Targets and Ranges
<u>TECO</u> Mulder	TECO	<u>(JEM-1)</u>	Levelized fuel cost recovery final true-up, April 1992 - September 1992

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Mulder	TECO	<u>(JEM-2)</u>	Fuel adjustment projection, April 1993 - September 1993
Mulder	TECO	<u>(JEM-3)</u>	Capacity cost recovery projection, April 1993 - September 1993
Keselowsky	TECO	<u>(GAK-1)</u>	Generating Performance Incentive Factor Results, April 1992 - September 1992
Keselowsky	TECO	<u>(GAK-2)</u>	GPIF Targets and Ranges for April 1993 -September 1993
Keselowsky	TECO	<u>(GAK-3)</u>	Estimated Unit Performance Data, April 1993 - September 1993
Tomczak/ Simokat	TECO	<u>(RFT/EAS-1)</u>	Schedules Supporting Oil Backout Cost Recovery Factor - Actual, April 1992 - September 1992
Tomczak/ Simokat	TECO	<u>(RFT/EAS-2)</u>	Schedules Supporting Oil Backout Cost Recovery Factor, April 1993 - September 1993
Tomczak/ Simokat	TECO	<u>(RFT/EAS-3)</u>	Gannon Conversion Project Simokat Comparison of Projected Payoff with Original Estimate as of November 1992
Cantrell	TECO	<u>(WNC-1)</u>	Affiliated coal transportation and coal transactions compared to benchmark prices calculated in accordance with Order No. 20298

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Cantrell	TECO	<u>(WNC-2)</u>	Benchmark biases from monthly evaluation of FERC Form 423 data
Metzroth	TECO	<u>(LFM-1)</u>	Market based index calculation for calendar year 1991

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

Issue Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9a, 9b, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23

IX. PENDING MOTIONS

None.

X. RULINGS

None.

It is therefore,

ORDERED by Chairman J. Terry Deason, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Chairman J. Terry Deason, as Prehearing Officer, this 16th day of February, 1993.


J. TERRY DEASON, Chairman
and Prehearing Officer

(S E A L)
MCB:bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

GPIF REWARDS/PENALTIES
 April 1992 to September 1992

Florida Power Corporation	\$1,211,009	Reward
Florida Power and Light Company	\$2,020,173	Reward
Gulf Power Company	\$322,504	Reward
Tampa Electric Company	\$318,938	Reward

Utility/ Plant/Unit	EAF			Heat Rate		
	Target	Adj.	Actual	Target	Adj.	Actual
FPC						
====	====	====	====	====	====	====
Anclote 1	90.4		93.8	9,745		9,735
Anclote 2	92.2		94.4	9,867		9,669
Crystal River 1	81.6		73.1	10,026		9,897
Crystal River 2	81.6		88.9	10,045		10,053
Crystal River 3	51.2		61.4	10,635		10,548
Crystal River 4	81.3		76.0	9,303		9,253
Crystal River 5	89.5		86.3	9,265		9,103
FPL						
====	====	====	====	====	====	====
Cape Canaveral 2	92.0		95.5	9,112		9,037
Fort Myers 2	83.0		80.9	9,459		9,330
Manatee 1	61.8		61.0	9,740		9,721
Manatee 2	92.5		95.9	9,584		9,558
Martin 1	92.9		95.4	9,531		9,928
Martin 2	95.1		97.5	9,251		9,409
Port Everglades 2	95.5		92.2	9,833		9,788
Port Everglades 3	90.4		92.7	9,183		9,093
Port Everglades 4	71.6		75.6	9,186		9,169
Riviera 3	90.2		93.7	9,483		9,701
Riviera 4	88.3		92.2	9,249		9,431
Turkey Point 1	94.4		89.3	9,370		9,115
Turkey Point 2	94.9		87.3	9,424		9,190
Turkey Point 3	62.7		70.8	11,305		11,217
Turkey Point 4	76.2		97.0	11,230		11,206
St. Lucie 1	90.5		91.3	10,806		10,808
St. Lucie 2	58.7		59.0	10,805		10,718
GULF						
====	====	====	====	====	====	====
Crist 6	80.2		82.1	10,372		10,090
Crist 7	77.5		72.7	10,100		9,909
Smith 1	85.2		84.5	10,283		10,076
Smith 2	86.4		85.6	10,273		10,051
Daniel 1	97.8		95.7	10,522		10,387
Daniel 2	97.5		99.1	10,492		10,138

ATTACHMENT 1
 ORDER NO. PSC-93-0251-PHO-EI
 DOCKET NO. 930001-EI
 PAGE 33

GPIF REWARDS/PENALTIES
 April 1991 to September 1991

Utility/ Plant/Unit	EAF			Heat Rate	
	Target	Adj.	Actual	Target	Adj. Actual
TECO					
Big Bend 1	67.2		66.0	10,032	10,185
Big Bend 2	78.6		84.0	10,014	10,095
Big Bend 3	82.2		86.6	9,693	9,635
Big Bend 4	87.7		88.1	10,279	10,214
Gannon 5	85.5		89.5	10,440	10,392
Gannon 6	82.9		84.9	10,247	10,271

GPIF TARGETS
 April 1992 to September 1992

Utility/ Plant/Unit	Equivalent Availability			Heat Rate		
	Company			Staff	Company	Staff
	EAF	POF	EUOF			
FPC						
====	====	====	====			
Anclote 1	83.4	11.5	5.1	Agree	9,763	Agree
Anclote 2	94.7	0.0	5.3	Agree	9,886	Agree
Crystal River 1	84.3	0.0	15.7	Agree	9,988	Agree
Crystal River 2	78.1	7.1	14.8	Agree	9,975	Agree
Crystal River 3	72.2	15.3	12.5	Agree	10,462	Agree
Crystal River 4	83.2	12.6	4.2	Agree	9,245	Agree
Crystal River 5	94.9	0.0	5.1	Agree	9,301	Agree
FPL						
====	====	====	====			
Cape Canaveral 1	83.8	10.9	5.3	Agree	9,082	Agree
Cape Canaveral 2	79.5	15.3	5.2	Agree	9,202	Agree
Ft. Myers 2	91.9	0.0	8.1	Agree	9,414	Agree
Manatee 1	83.7	0.0	16.3	Agree	9,710	Agree
Manatee 2	95.4	0.0	4.6	Agree	9,521	Agree
Martin 1	90.7	0.0	9.3	Agree	9,172	Agree
Martin 2	96.0	0.0	4.0	Agree	9,138	Agree
Port Everglades 1	94.8	0.0	5.2	Agree	9,791	Agree
Port Everglades 2	91.0	0.0	9.0	Agree	9,713	Agree
Port Everglades 3	93.9	0.0	6.1	Agree	9,301	Agree
Port Everglades 4	95.4	0.0	4.6	Agree	9,353	Agree
St. Johns River 1	97.3	0.0	2.7	Agree	9,344	Agree
St. Johns River 2	98.0	0.0	2.0	Agree	9,258	Agree
Riviera 3	91.1	0.0	8.9	Agree	9,864	Agree
Riviera 4	56.3	37.1	6.5	Agree	9,776	Agree
Sanford 4	93.8	0.0	6.2	Agree	9,979	Agree
Turkey Point 1	74.1	19.1	6.8	Agree	9,324	Agree
Turkey Point 2	82.5	0.0	17.5	Agree	9,480	Agree
Turkey Point 3	90.7	0.0	9.3	Agree	11,258	Agree
Turkey Point 4	60.1	35.0	4.9	Agree	11,216	Agree
St. Lucie 1	62.5	32.2	5.3	Agree	10,813	Agree
St. Lucie 2	93.6	0.0	6.4	Agree	10,795	Agree
GULF						
====	====	====	====			
Crist 6	87.8	0.0	12.2	Agree	10,247	Agree
Crist 7	62.0	25.1	12.8	Agree	9,989	Agree
Smith 1	84.8	8.8	6.5	Agree	10,178	Agree
Smith 2	91.8	2.2	6.0	Agree	10,227	Agree
Daniel 1	98.0	0.0	2.0	Agree	10,498	Agree
Daniel 2	97.8	0.0	2.2	Agree	10,408	Agree

GPIF TARGETS
 April 1992 to September 1992

Utility/ Plant/Unit	Equivalent Availability			Staff	Heat Rate	
	Company				Company	Staff
	EAF	POF	EUOF			
TECO						
Big Bend 1	81.0	3.8	15.2	Agree	9,994	Agree
Big Bend 2	84.0	1.1	14.9	Agree	9,984	Agree
Big Bend 3	72.6	16.4	11.0	Agree	9,634	Agree
Big Bend 4	87.0	0.0	13.0	Agree	9,914	Agree
Gannon 5	59.5	30.6	9.9	Agree	10,442	Agree
Gannon 6	81.8	0.0	18.2	Agree	10,268	Agree

GPIF TARGET AND RANGE SUMMARY

Company: Florida Power Corporation
 Period of: Apr. 1993 - Sep. 1993

Plant/Unit	Weighting Factor (%)	EAF Target (%)	EAF RANGE		Max. Fuel Savings (\$000)	Max. Fuel Loss (\$000)
			Max. (%)	Min. (%)		
ANC. 1	2.70	83.39	85.81	78.40	405.2	813.3
ANC. 2	2.37	94.70	97.20	89.58	355.3	960.7
C.R. 1	5.81	84.31	91.54	70.30	870.8	2161.9
C.R. 2	12.88	78.12	84.93	64.92	1931.9	2056.1
C.R. 3	37.39	72.19	77.92	61.30	5606.6	3764.4
C.R. 4	2.66	83.23	85.21	79.19	399.0	821.1
C.R. 5	3.10	94.92	97.31	90.01	465.1	955.0
-----					-----	-----
GPIF System	66.91				10033.9	11532.5

Plant/Unit	Weighting Factor (%)	ANOHR Target		ANOHR RANGE		Max. Fuel Savings (\$000)	Max. Fuel Loss (\$000)
		(BTU/KWH)	NOF	Min. (%)	Max. (%)		
ANC. 1	3.33	9763	66.1	9586	9941	499.5	499.5
ANC. 2	3.59	9886	58.8	9670	10101	538.6	538.6
C.R. 1	2.51	9988	87.3	9838	10138	376.7	376.7
C.R. 2	3.39	9975	90.5	9808	10142	507.9	507.9
C.R. 3	9.68	10462	99.4	10241	10682	1451.3	1451.3
C.R. 4	4.96	9245	99.3	9095	9395	743.5	743.5
C.R. 5	5.63	9301	98.7	9151	9451	844.0	844.0
-----					-----	-----	-----
GPIF System	33.09					4961.5	4961.5

Issued by: FPC

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

TAMPA ELECTRIC COMPANY
 GPIF TARGET AND RANGE SUMMARY
 APRIL 1993 - SEPTEMBER 1993

EQUIVALENT AVAILABILITY

<u>PLANT/UNIT</u>	<u>WEIGHTING FACTOR (%)</u>	<u>EAF TARGET (%)</u>	<u>EAF MAX. (%)</u>	<u>RANGE MIN. (%)</u>	<u>MAX. FUEL SAVINGS (\$000)</u>	<u>MAX. FUEL LOSS (\$000)</u>
GANNON 5	2.28%	59.5	63.0	52.5	142.0	(301.9)
GANNON 6	5.24%	81.8	82.4	71.3	325.6	(689.3)
BIG BEND 1	9.70%	81.0	84.2	74.5	603.6	(1,090.2)
BIG BEND 2	7.18%	84.0	87.0	77.9	446.8	(1,271.5)
BIG BEND 3	10.08%	72.6	75.6	66.6	626.9	(1,003.8)
BIG BEND 4	7.39%	87.0	89.6	81.8	459.8	(1,052.4)
GPIF SYSTEM	41.37%				2,604.7	(5,409.1)

AVERAGE NET OPERATING HEAT RATE
 FOR
GPIF COAL GENERATING UNITS

<u>PLANT/UNIT</u>	<u>WEIGHTING FACTOR (%)</u>	<u>ANOHR Btu/kwh</u>	<u>TARGET NOF</u>	<u>ANOHR TARGET RANGE</u>		<u>MAX. FUEL SAVINGS (\$000)</u>	<u>MAX. FUEL LOSS (\$000)</u>
				<u>MIN.</u>	<u>MAX.</u>		
GANNON 5	5.77%	10442	68.7	10067	10817	358.9	(358.9)
GANNON 6	8.51%	10268	71.1	10028	10508	529.0	(529.0)
BIG BEND 1	12.41%	9994	92.2	9649	10339	771.7	(771.7)
BIG BEND 2	12.82%	9984	89.0	9629	10339	797.2	(797.2)
BIG BEND 3	6.57%*	9634	86.8	9424	9844	408.7	(408.7)
BIG BEND 4	12.05%	9914	89.7	9594	10234	749.3	(749.3)
GPIF SYSTEM	58.13%					3,614.8	(3,614.8)

BUREAU OF ELECTRIC ACCOUNTING
DIVISION OF ELECTRIC & GAS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Cost Recovery Methods for) DOCKET NO. 850001-EI-B
Fuel-Related Expenses.) ORDER NO. 14546
ISSUED: 7-8-85

The following Commissioners participated in the disposition of this matter:

JOHN R. MARKS, Chairman
JOSEPH P. CRESSE
GERALD L. GUNTER

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING COST RECOVERY METHODS FOR
FUEL-RELATED EXPENSES

BY THE COMMISSION:

Background

As a result of issues raised by Staff in the February, 1985 fuel adjustment hearing, this docket was created to consider the proper means of recovery of fossil fuel-related expenses. In Order No. 14222, the final order establishing the April-September, 1985 Fuel and Purchased Power Cost Recovery Factors, we instructed Staff, the four investor owned electric utilities and any other interested parties to provide information necessary for the Commission to be able to consider at the August, 1985 fuel adjustment hearing whether the utilities were passing appropriate fixed and variable costs associated with fuel receipts through their fuel adjustment clauses.

Pursuant to the Commission's directive, a workshop concerning the cost recovery methods of fossil fuel-related expenses was noticed for and held on May 2, 1985. As a result of the information exchanged at that workshop and subsequent discussions, the parties to the proceeding, which include Staff, the Office of Public Counsel, Florida Power and Light Company (FPL), Florida Power Corporation (FPC), Gulf Power Company (Gulf), and Tampa Electric Company (TECO), identified the fossil fuel-related costs currently being recovered through the utilities' fuel adjustment clauses and agreed to a policy addressing the appropriate prospective means of recovering such fossil fuel-related expenses. The Florida Industrial Power Users Group (FIPUG) has not intervened in this proceeding but was informed of the parties' stipulation and stated that they took no position.

On June 21, 1985, the parties submitted to the Commission a stipulation evidencing their agreement. Attached to the stipulation was a draft Notice of Proposed Agency Action which the parties requested be adopted in the disposition of this proceeding. The draft Notice of Proposed Agency Action was endorsed by Staff's recommendation of June 20, 1985. In the stipulation the parties identified the fossil fuel-related costs currently being incurred and how each of the utilities are treating those expenses for cost recovery. A copy of that information is attached as Appendix A. As can be seen on Appendix A, each of the utilities do not incur all of the same types of fossil fuel-related expenses, and even in instances where the same types of expenses are incurred, utilities may recover them differently.

In addition to identifying fossil fuel-related costs and their current means of recovery, the parties reached an agreement in their stipulation as to whether these costs should be recovered prospectively through base rates or through fuel adjustment clauses. The agreement regarding specific costs reflects a broader policy consensus for the recovery of fossil

fuel-related costs. The policy agreed to among the parties and recommended to the Commission consisted of two essential points which appear to reflect the Commission's practical application of fuel adjustment clauses:

1. When similar circumstances exist, the Commission should attempt to treat, for cost recovery purposes, specific types of fossil fuel-related expenses in a uniform manner among the various electric utilities. At times, however, it may be appropriate to treat similar types of expenses in dissimilar ways.

2. Prudently incurred fossil fuel-related expenses which are subject to volatile changes should be recovered through an electric utility's fuel adjustment clause. The volatility of fossil fuel-related costs may be due to a number of factors including, but not necessarily limited to: price, quantity, number of deliveries, and distance. Except as noted below, these volatile fossil fuel-related charges are incurred by the utility for goods obtained or services provided prior to the delivery of fuel to the electric utility's dedicated storage facilities. (Dedicated storage facilities mean storage facilities which are used solely to serve the affected electric utility.) All other fossil fuel-related costs should be recovered through base rates.

In the specific application of this policy, the parties recommended the following treatment of fossil fuel-related charges:

Invoiced Fuel Charges. The invoiced cost of fuel is dependent upon market conditions and the quantity of fuel purchased. The invoiced cost of fuel should be considered to include all price revisions and adjustments relating to the volume and/or quality of fuel delivered. This component of a utility's fossil fuel-related expenses is the most volatile in nature and is most appropriately recovered through the fuel adjustment clause.

Transportation Charges. The costs associated with moving fuel to fuel storage locations and terminals dedicated to the supply of a utility's generating facility are subject to significant changes due to fluctuations in distances, deliveries, volume and price. Consequently, such costs should be recovered through fuel adjustment clauses. However, transportation charges for moving fuel between dedicated storage facilities and generating plant sites appear to be more stable and predictable, due in part to many of these costs occurring under longer-term arrangements. Therefore, these transportation costs are more appropriately recovered through base rates.

Taxes and Purchasing Agents' Commissions. These charges vary with each transaction and are affected by both price and volume. These costs are most appropriately recovered through fuel adjustment clauses.

Port Charges. These charges include dockage, the fee paid to a port facility for the use of a pier, wharfage, the fee paid to a port facility for the right to receive products through a port facility, harbormaster fees, pilot fees and charges for assist tugs. These fees, which are transportation costs, are incurred prior to delivery to the utility's dedicated inventory storage facilities and vary with the number and volume of deliveries and are more properly recovered through fuel adjustment clauses.

Inspection Fees. Volume and quality inspection charges are often incurred several times in bringing fuel to a utility's generating plant sites. The charges for these inspections, which are critical to assuring that the utilities receive the

proper amount of fuel consistent with contract specifications, vary with the number and size of deliveries and are essential to the determination of whether there should be adjustments to the invoice price of fuel. These charges are incurred prior to and during delivery to the utility and are appropriate for recovery through the fuel adjustment clauses.

O&M Expenses at Plants, Storage Facilities and Terminals. These costs are relatively fixed and do not tend to fluctuate significantly even with changes in the number and sizes of deliveries. As these costs are closely akin to other O&M expenses, they are more properly recovered through base rates. These expenses include unloading and handling costs at storage facilities and generating plants.

Additives. Several of the utilities blend additives with their fuel prior to burning or inject additives directly into boiler firing chambers along with fuel being burned. The price of these additives is subject to swings, and of course, the amount of additives is related to the volume and type of fuel burned. Therefore, the costs of these types of additives should be recovered through fuel adjustment clauses. Fuel additives neither blended with fuel prior to its burning nor injected into the boiler firing chamber along with fuel will be recovered through base rates.

Fuel Procurement Administrative Charges. Each of the utilities have staffs responsible for fuel procurement, and the costs associated with fuel procurement and administration do not bear a significant relationship to the volume or price of fuel purchases. These costs are relatively fixed and are not volatile; they are more appropriately recovered through base rates.

Inventory Adjustments. From time to time adjustments are made to the volume and/or value of fuel inventory maintained for system generation. Most frequently, these adjustments relate to coal inventory and result from survey evaluations of coal sites maintained at the generating facilities. Differences between the survey results and per book volumes result due to the inaccuracy inherent in the measuring devices utilized. Coal inventory adjustments shall continue to be afforded the accounting treatment specified in the Florida Public Service Commission Staff Advisory Bulletin No. 3 dated April 9, 1982. From time to time adjustments to the volume and/or value of inventory may result from Commission decisions. The impact of these adjustments are appropriately recognized in the computation of the fuel cost recovery factors.

In addition to stipulating to the foregoing applications of policy, the parties also recommended to the Commission that the policy it adopts be flexible enough to allow for recovery through fuel adjustment clauses of expenses normally recovered through base rates when utilities are in a position to take advantage of a cost-effective transaction, the costs of which were not recognized or anticipated in the level of costs used to establish the utility's base rates. One example raised was the cost of an unanticipated short-term lease of a terminal to allow a utility to receive a shipment of low cost oil. The parties suggest that this flexibility is appropriate to encourage utilities to take advantage of short-term opportunities not reasonably anticipated or projected for base rate recovery. In these instances, we will require that the affected utility shall bring the matter before the Commission at the first available fuel adjustment hearing and request cost recovery through the fuel adjustment clause on a case by case basis. The Commission shall rule on the appropriate method of cost recovery based upon the merits of each individual case.

Finally, the parties recognize that the Commission, during its most recent fuel adjustment hearing, voted to determine in a single proceeding which items of fossil fuel-related costs should be transferred from fuel adjustment recovery to base rate recovery and to effect such changes at one time. While recognizing that this was the vote of the Commission, Public Counsel disagrees with such approach.

Commission's Findings

Having considered the stipulation of all the parties in this proceeding and recognizing the need for a further elaboration upon how fossil fuel-related costs should be treated for purposes of cost recovery, the Commission approves the stipulation of the parties and adopts the provisions therein, as its own. We find the policy outlined and specified in the stipulation to be an appropriate extension of the prior determinations regarding fuel costs to be recovered through fuel clauses made by the Commission in Order No. 6357.

In that earlier decision the Commission found that "the delivered cost of fuel to the generating plant site be used in determining a utility's fuel adjustment charge." That language has given rise to the recovery through the fuel adjustment clauses of unloading expenses, terminal operating expenses for terminals removed from plant sites, and transportation costs for moving oil from terminals to plant sites. While we recognize that the recovery of such costs through fuel clauses is consistent with the language in Order No. 6357, we feel further refinement is necessary since it is clear that these costs are not volatile.

Another expense which has come to be passed through the utilities' fuel clauses as a part of the cost of fuel is the cost of additives which are not added to fuel prior to burn or to boilers during burn. These additives are added after fuel is burned, generally to improve emissions control. We find that the cost of these "non-fuel additives" is more appropriately recovered through base rates.

As a result of our determinations in this proceeding, prospectively, the following charges are properly considered in the computation of the average inventory price of fuel used in the development of the average inventory price of fuel used in the utilities' fuel cost recovery clauses:

1. The invoice price of fuel.
2. Any revisions to the invoice price.
3. Any quality and/or quantity adjustments to the invoice price.
4. Transportation costs to the utility system, including detention or demurrage.
5. Federal and state taxes and purchasing agents' commissions.
6. Port charges.
7. All quantity and/or quality inspections performed by independent inspectors.
8. All additives blended with fuel prior to burning or injected into the boiler firing chamber along with fuel.

9. Inventory adjustments due to volume and/or price adjustments.
10. Fossil fuel-related costs normally recovered through base rates but which were not recognized or anticipated in the cost levels used to determine current base rates and which, if expended, will result in fuel savings to customers. Recovery of such costs should be made on a case by case basis after Commission approval.

It is not the Commission's intent to require the restatement of the average cost of fossil fuel inventory computed prior to the revision of rates necessitated by this Order.

The following types of fossil fuel-related costs are more appropriately considered in the computation of base rates:

1. Operations and maintenance expenses at generating plants or system storage facilities. This includes unloading and fuel handling costs at the generating plant or storage facility.
2. Transportation charges between dedicated storage facilities and generating plants.
3. Fuel procurement administrative functions.
4. Fuel additives neither blended with fuel prior to burning nor injected into the boiler firing chamber along with fuel.

While it is the Commission's intent in this Order to establish comprehensive guidelines for the treatment of fossil fuel-related costs, it is recognized that certain unanticipated costs may have been overlooked. If any utility incurs or will incur a fossil fuel-related cost which is not addressed in this order and the utility seeks to recover such cost through its fuel adjustment clause, the utility should present testimony justifying such recovery in an appropriate fuel adjustment hearing.

Consistent with the determinations previously made herein, the Commission finds that the base rates and fuel and purchased power cost recovery factors for the following investor owned electric utilities in this state will require revisions. Tampa Electric Company is currently recovering unloading expenses through its fuel clause which should be recovered through base rates. Similarly, Florida Power & Light Company and Florida Power Corporation are recovering expenses of terminal operations and of transportation of fuel between terminals and plant sites through their fuel adjustment clauses which should be recovered through their base rates. Gulf Power Company is recovering the cost of a contract tugboat used to shift coal barges at a plant site through its fuel clause which expense is more appropriately recovered through its base rates. It is the Commission's intent that any revisions to fuel and purchased power cost recovery factors and base rates only reflect a change in the means of recovery of these items. So that the Commission can be assured of the accuracy and fairness of these necessary rate changes, they will be considered during the course of the August 1985 fuel adjustment hearings and become effective for billings on or after October 1, 1985.

Therefore, the stipulation of the parties to this proceeding is accepted, and it is,

ORDERED by the Florida Public Service Commission that the findings of fact and conclusions of law herein be and the same are hereby approved in every respect. It is further

ATTACHMENT 5
ORDER NO. PSC-93-0251-PHO-EI
DOCKET NO. 930001-EI
PAGE 43

ORDER NO. 14546
DOCKET NO. 850001-EI-B
PAGE 6

ORDERED that the fuel and fossil fuel-related expenses discussed herein shall be treated in the fashion approved in the computation of fuel and purchased power cost recovery factors. It is further

ORDERED that the revisions to base rates being charged by Florida Power Corporation, Florida Power & Light Company, Gulf Power Company and Tampa Electric Company necessary to implement the determinations in this proceeding shall be considered at the August, 1985 fuel adjustment hearings and shall become effective for billings made on and after October 1, 1985. It is further

ORDERED that the action proposed herein is preliminary in nature and will not become effective or final, except as provided by Florida Administrative Code Rule 25-22.29. It is further

ORDERED that any person adversely affected by the action proposed herein may file a petition for a formal proceeding, as provided by Florida Administrative Code Rule 25-22.29. Said petition must be received by the Commission Clerk on or before July 29, 1985, in the form provided by Florida Administrative Code Rule 25-22.36(7)(a) and (f). It is further

ORDERED that in the absence of such a petition, this order shall become effective on July 30, 1985 as provided by Florida Administrative Code Rule 25-22.29(6). It is further

ORDERED that if this order becomes final and effective on July 30, 1985, any party adversely affected may request judicial review by the Florida Supreme Court by the filing of a notice of appeal with the Commission clerk and the filing of a copy of the notice and the filing fee with the Supreme Court. This filing must be completed within 30 days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

By Order of the Florida Public Service Commission, this 8th day of July, 1985.



STEVE TRIBBLE
Commission Clerk

(S E A L)

MRC

ATTACHMENT 5
ORDER NO. PSC-93-0251-PHO-EI
DOCKET NO. 930001-EI
PAGE 44

APPENDIX A

FUEL COST RECOVERY COMPARISON

Expense Item	TECO	FWL	FPC	GULF
	Recovery Method	Recovery Method	Recovery Method	Recovery Method
01. Purchase Price of Fuel	FAC	FAC	FAC	FAC
02. Quality / Quantity Adj.	FAC	FAC	FAC	FAC
03. Retroactive Price Adj.	FAC	FAC	FAC	FAC
04. Transp. to Plant or Term.	FAC	FAC	FAC	FAC
05. Unloading Expenses	FAC-->BR	BR	BR	FAC-->BR
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06. Labor (Rail Car Maint.)	--	--	--	FAC
07. Ad Valorem Taxes (Rail Car)	--	--	--	FAC
08. Rail Car Depreciation	--	--	--	FAC
09. Stores (Spare Parts)	--	--	--	FAC
10. Terminal Operating Expenses	--	FAC-->BR	FAC-->BR	--
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11. Transp. from Term. to Plant	--	FAC-->BR	FAC-->BR	--
12. Handling Costs at Plant	BR	BR	BR	BR
13(a). Volume Insp's--In-House	--	BR	BR	--
13(b). Volume Insp's--Outside	--	FAC	BR-->FAC	--
14(a). Quality Insp's--In-House	BR	BR	BR	BR
14(b). Qual. Insp's--Outside	BR-->FAC	FAC	BR-->FAC	BR-->FAC
15. Limestone	FAC	--	--	--
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16. Limestone Freight	FAC	--	--	--
17. Fuel Additives	FAC	FAC	FAC	FAC
18. Non-fuel Additives	FAC-->BR	BR	BR	--
19. Detention / Demurrage	FAC	FAC	--	FAC
20. Inventory Adjustments	FAC	FAC	FAC	FAC
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21. Wharfage / Dockage	FAC	FAC	--	FAC
22. Tug / Pilot Fees	FAC	FAC	--	FAC
23. Port Charges	FAC	FAC	--	FAC
24. EPA Charges	FAC	--	--	--
25. Lost Coal	FAC	--	--	FAC
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26. Fuel Administration	BR	BR	BR	BR
27. Outside Services	BR	BR	BR	BR
28. Adm'n. & General	BR	BR	BR	BR
29. Residuals	BR	--	BR	BR

LEGEND: FAC-->BR = To be removed from Fuel Adj. and put in Base Rates
BR-->FAC = To be removed from Base Rates and put in Fuel Adj.
FAC = Fuel Adjustment Clause
BR = Base Rates
-- = Category does not exist.