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**ORIGINAL
FILE COPY**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 890001-EI

In re: Petition of the Florida
Industrial Power Users Group to
Discontinue Florida Power and
Light Company's Oil Backout
Cost Recovery Factor.)
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)

Docket No. 890148-EI

Filed: July 14, 1989

**FIPUG'S PRELIMINARY
LIST OF ISSUES
AND POSITIONS**

The Florida Industrial Power Users Group ("FIPUG") hereby submits its Preliminary List of Issues and Positions in the above-consolidated dockets.

1. ISSUE: What is the final oil backout true-up amount for the April, 1988 through September, 1988 period?

FIPUG: The amount suggested by FPL must include an adjustment to reflect a refund for those amounts which FPL has attributed to the "deferral savings" on the two 700 MW coal-fired Martin units. In view of the changes in circumstances which have taken place since the original projections were made, it is

improper to collect from customers the claimed deferral benefits associated with the 700 MW units.

2. ISSUE: What is the estimated oil backout true-up amount for the period October, 1988 through March, 1989?

FIPUG: The amount suggested by FPL must include an adjustment to reflect a refund for those amounts which FPL has attributed to the "deferral savings" on the two 700 MW coal-fired Martin units. In view of the changes in circumstances which have taken place since the original projections were made, it is improper to collect from customers the claimed deferral benefits associated with the 700 MW units.

3. ISSUE: What is the total oil backout true-up amount to be collected during the period April through September, 1989?

FIPUG: The amount suggested by FPL must include an adjustment to reflect a refund for those amounts which FPL has attributed to the "deferral savings" on the two 700 MW coal-fired Martin units. In view of the changes in circumstances which have taken place since the original projections were made, it is improper to collect from customers the claimed deferral benefits associated with the 700 MW units.

4. ISSUE: What is the projected oil backout cost recovery factor for the period April through September, 1989?

FIPUG: FPL's application of the Oil Backout Cost Recovery Factor should be discontinued because the project has not achieved the economic displacement of oil. All accelerated depreciation amounts should be refunded and any recovery related to the cost of the lines should be disallowed for the

projection period April 1, 1989
through September 30, 1989.

5. ISSUE: Should FPL be allowed to collect and apply as accelerated depreciation the "net savings" claimed in its petition and exhibits?

FIPUG: No. The claimed savings is entirely attributable to the contention that the transmission lines comprising the oil backout project enabled FPL to defer two 700 MW coal-fired units at FPL's Martin site: absent those "deferral savings," there would be no net savings and no accelerated recovery. In reality, however, the 700 MW coal units are not part of FPL's generation expansion plan and have not been part of that plan since 1985.

6. ISSUE: Should FPL be allowed to retain "net savings" attributed by FPL to the deferral of the 700 MW Martin coal units which were collected in prior periods?


FIPUG: No. FPL first began to collect the revenues associated with the "deferral" of the Martin coal units in October of 1987. In reality, the Martin-coal units on which the claim is based have not appeared in an FPL expansion Plan since 1985. The past collections were unjustified. The Commission should exercise its authority to require a complete refund of all past oil backout revenues attributable to the deferral of the Martin-coal units.

7. ISSUE: Should FPL be authorized to continue recovery of costs related to the transmission line oil backout project through the Oil Backout Cost Recovery Clause?

FIPUG: No. The project has not accomplished its intended purpose, which was the economical displacement of oil-fired generation. To continue the energy-based recovery of a major investment in transmission reliability and

capacity in the absence of the savings on which that recovery was premised would be to perpetuate a charge that is unfair and unreasonable to all ratepayers, particularly high load factor customers. The Commission should order FPL to discontinue the oil backout cost recovery mechanism.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida Industrial Power Users Group Preliminary List of Issues and Positions has been furnished by U.S. Mail to the following parties of record, this 14th day of July, 1989:

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