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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 890148-EI

Filed: December 20, 1989

**ATTACHMENTS TO
FLORIDA POWER & LIGHT COMPANY'S
MOTION FOR RECONSIDERATION AND
STAY OF ORDER NO. 22268**

**Steel Hector & Davis
215 S. Monroe Street
Suite 601
Tallahassee, Florida 32301
(904) 222-2300**

**Attorneys for Florida Power
& Light Company**

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

TALE

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

DOCKET NO. 890148-EI ORDER NO. 22268 ISSUED: 12-5-89

The following Commissioners participated in the disposition of this matter:

- MICHAEL McK. WILSON, Chairman THOMAS M. BEARD BETTY EASLEY GERALD L. GUNTER JOHN T. HERNDON

ORDER DENYING DISCONTINUANCE OF FLORIDA POWER & LIGHT COMPANY'S OIL BACKOUT COST RECOVERY FACTOR

BY THE COMMISSION:

In connection with the February, 1989 hearing in Docket No. 890001-EI, the Florida Industrial Power Users Group (FIPUG) raised issues relating to discontinuance of Florida Power & Light Company's (FPL's) Oil Backout Cost Recovery Factor (OBCRF). FIPUG also filed a separate petition in this docket on January 27, 1989, which challenged FPL's past and present collection of oil backout cost recovery revenues pursuant to Rule 25-17.016, Florida Administrative Code. FIPUG also sought consolidation of the two dockets by a Motion to Consolidate Dockets or Hold Certain Issues in Docket No. 890001-EI in Abeyance.

The parties agreed to defer FIPUG's issues in Docket No. 890001-EI until the August, 1989 hearing in order to allow for discovery. Thereafter, the Commission ordered consolidation of Dockets No. 890148-EI and 890001-EI for hearing purposes only, with Docket No. 890148-EI to be heard by the full Commission on the last day of the scheduled hearings in Docket No. 890001-EI. Docket No. 890148-EI was later rescheduled to the first day of the hearing, August 22, 1989, so that all Commissioners could be present.

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On February 15, 1989, FPL moved to dismiss FIPUG's petition. FPL's Motion was denied in Order No. 21361 on the grounds that FIPUG had stated a cause of action upon which it was possible to grant relief.

At the hearing in this matter, FPL reurged its Motion to Dismiss. The Commission granted the motion in part, dismissing that portion of FIPUG's petition regarding the continued qualification of FPL's Oil Backout Project and the continuation of FPL's Oil Backout Cost Recovery Factor.

In its petition, FIPUG requested that the Commission grant several forms of relief: determine that FPL's oil backout transmission project has failed to achieve the "primary purpose" which led the Commission to qualify it under Rule 25-17.016, Florida Administrative Code; disallow prospective application of the oil backout charge for recovery of costs associated with FPL's 500 kV transmission lines and order FPL to refund to customers all accelerated depreciation revenues associated with the inclusion of FPL's deferred Martin coal units in calculation of net savings pursuant to the oil backout rule; order FPL to terminate its oil backout charge; direct FPL to reflect the investment and revenues associated with its 500 kV lines in its surveillance reports and finally, instruct FPL that recovery of costs associated with the 500 kV transmission line must henceforth be accomplished through its base rates. Some of these claims were dismissed, as discussed above. For the reasons discussed below, we decline to grant the remaining relief requested by FIPUG, but find that FPL is not justified in charging a 15.6% return on the equity portion of its capital invested in its 500 kV transmission lines.

Capacity Deferral

FIPUG argues that all accelerated depreciation collected through the OBCRF must be refunded because the capacity deferral benefits from which the accelerated depreciation derives were not realized. The Actual Net Savings as defined in Rule 25-17.016, (two thirds of which are recovered as accelerated depreciation) are overstated, FIPUG alleges, because: (1) the construction cost estimates used by FPL for the Martin Units are too high; (2) the deferred units' in-service dates (1987 and 1988) should be deferred even further in time; (3) the Martin 700 MW Coal Units are not present in FPL's current generation expansion plan; and (4) the deferred units are "phantom plants" and thus don't exist at all.

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We are compelled to note the contradictory nature of these arguments, particularly in light of the admission of FIPUG's witness, Mr. Jeffrey Pollock, that "the Project has enabled FP&L to import firm coal-by-wire capacity and to defer construction of the Martin Unit Nos. 3 and 4." Nonetheless, we will address each of these arguments below.

(1) Martin Cost Estimates. FPL's cost estimates for the Martin Units are based on the parameters of a 1979 Bechtel contract, updated for actual inflation and cost of capital. These figures were used in the original oil backout qualification proceeding precisely because they represented the contract cost of Martin Units 3 and 4 to FPL.

In three previous oil backout proceedings (beginning with the April-September, 1987 period), FPL applied those cost estimates in calculating the actual net savings as allowed by the Oil Backout Rule. FIPUG and Public Counsel, both parties to the proceedings, did not contest their use. The Commission approved the OBCRF, thereby at least tacitly approving the cost estimates. There is no evidence in the record upon which to base any adjustment to the estimates. We believe that the Martin Unit 3 and 4 cost estimates are reflective of the construction costs FPL would have incurred had the units been built during the 1981-1987 time period, and are appropriately applied in calculating the OBCRF.

(2) Deferred Units' In-Service Dates. Had FPL not built the 500 kV line project, thus enabling the purchase of equivalent capacity from the Southern Company, construction of the Martin units would have begun in 1980 and 1982 to meet a Martin Unit 3 in-service date of June, 1987 and Martin Unit 4 in-service date of December, 1988.

FIPUG's witness, Mr. Pollock, suggests that FPL should have revisited its decision to construct (or not construct) the Martin Units and move outward in time their in-service dates. We are wholly unpersuaded by his speculative argument.

The record shows that, absent the project and UPS purchases: (a) from 1982 through 1988 the Martin units were the most economic choice for FPL to meet its projected capacity needs; (b) the units would have been needed to meet load and reserve requirements in 1987 even in the face of lower load forecasts; and (c) it would have been uneconomic for FPL to

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defer those units rather than finish construction by the time the load forecasts were lowered. We believe that given the economic and technical circumstances during the 1980-1982 time period, FPL would have begun construction of the Martin Units absent the Oil Backout Project.

(3) Martin 700 MW Coal Units Absent from FPL's Current Generation Expansion Plan. Mr. Pollock correctly notes that the Martin Unit Nos. 3 and 4, both 700 MW pulverized coal plants, are absent from FPL's most current generation expansion plan. However, FPL's witness, Mr. S.S. Waters, confirmed that the utility's determination of need for electrical power plant pending before this Commission shows two units labelled Martin No. 3 and 4. These units utilize combined cycle technology (385 MW each) rather than pulverized coal. Mr. Waters explained the reasons for that change and affirmed that both the "old" and "new" Martin units were and are planned to run at very high capacity factors.

The only effective change to Martin Units 3 and 4 which has occurred in the current expansion plan is a technology substitution. In light of this, we find that Mr. Pollock's argument that the "old" units' absence from the current plan means they were not deferred is incorrect.

(4) "Phantom Plants". Mr. Pollock states that "[t]he Martin units have not been, and may never be, built." However, Mr. Waters explained that the deferral of the units:

is the premise upon which capacity deferral benefits are based; the Martin Coal Units were not built due to the commitment to purchase power from the Southern Companies and FPL's ability to move that power over the Project.

(Tr. 394-395.)

FIPUG argues that capacity deferral benefits cannot be derived from plants which do not exist or are "illusory." The fact that the units were not built is the very benefit intended. This "avoided unit" concept is the same rationale we use to set firm capacity pricing for cogenerators.

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In summary, we find that the Martin Coal Units 3 and 4 have been deferred as a result of the project and the original Southern Company purchases, and that FPL has appropriately included capacity deferral benefits in the calculation of Actual Net Savings, 2/3 of which is recovered as additional depreciation on the 500 kv lines.

Return on Equity

Rule 25-17.016(4)(e), Florida Administrative Code, requires the utility to use its actual cost of capital for the recovery period of the oil backout project. FPL has interpreted "the actual cost of capital" with respect to the return on equity to mean the 15.6% return on equity authorized in its last rate case. (Docket No. 830465-EI). However, the oil backout rule clearly states that only the actual costs associated with a project are subject to recovery through the OBCRF. Mr. Pollock contends that a 15.6% ROE does not represent the actual cost associated with the oil backout project.

We agree with FIPUG on this issue. FPL recovers all other costs under the oil backout project based on current rates. For example, FPL uses its current cost of debt in its oil backout filing whenever the cost of debt changes. There is no economic reason to recognize changes in the cost of debt, one capital structure component, but ignore the change in the cost of equity, another capital structure component.

While cost of equity testimony was not presented in this docket, Mr. Pollock's uncontroverted testimony indicates that FPL's actual cost of common equity is lower than 15.6%. Mr. Pollock stated that he is unaware of any regulatory commission which has authorized a 15% or higher ROE since 1987. In addition, he stated that the median authorized ROE has ranged from 12.8% to 13.0%, and that most awards have been in the 12.0% to 14.49% range. Finally, Mr. Pollock testified that the current Federal Energy Regulatory Commission benchmark ROE is 12.44%.

Perhaps the most convincing evidence that FPL's actual cost of equity is significantly lower than 15.6% is FPL's voluntary reduction of ROE in 1988 (Order No. 18340) and 1989 (Order No. 20451). FPL was entitled to use its authorized equity return of 15.6% for purpose of the tax savings rule (Rule 25-14.003, Florida Administrative Code), calculating AFUDC rates, and as

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an equity ceiling for surveillance purposes, but voluntarily reduced this ROE to 13.6%. We very much doubt that FPL would stipulate to an ROE of 13.6% for its non-oil backout rate base if 13.6% were less than the company's actual cost of equity capital.

Given current market conditions, we believe that FPL's actual cost of equity capital is lower than 13.6%. However, in the absence of cost of equity testimony in this docket, we note that the 13.6% offered by this utility in the 1987, 1988 and 1989 tax savings dockets is closer to its actual cost of equity than the 15.6% ROE authorized in Docket No. 830465-EI. Therefore, we find that FPL is not justified in charging a 15.6% return on the equity portion of its capital invested in the 500 kV transmission lines.

We find that the 13.6% ROE used for this utility in the tax savings docket more closely approximates FPL's actual cost of equity capital, and that excess revenues collected from April 1, 1988 through September 30, 1989 using the 15.6% ROE should be refunded to customers, with interest. This timeframe reflects the stipulation between FIPUG and FPL in Docket No. 890001-EI. (Attachment A to Order No. 20784):

c. FPL agrees that if any adjustment is made to FPL's OBCRF as a result of the proceedings in a later scheduled hearing in Docket No. 890001-EI and/or Docket No. 890148-EI, as a result of consideration of the "Issues," any amounts ordered to be refunded shall be subject to refund as though the Commission had considered and reached a decision on the "Issues" in the hearing held on February 22 in Docket No. 890001-EI...

The hearing referenced in this stipulation covered fuel adjustment periods beginning April 1, 1988. That is, the oil backout cost recovery amounts for the periods beginning April 1, 1988 were never finally approved. In keeping with the intent and spirit of this stipulation, we find that a 13.6% ROE should be used to calculate the oil backout revenue requirements beginning April 1, 1988. Beginning October 1, 1989, the OBCRF was calculated using a 13.6% ROE; therefore,

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the calculation of the revenues to be refunded should end September 30, 1989. The amount to be refunded will be determined at the February, 1990 hearing in Docket No. 900001-EI for inclusion in the April-September, 1990 OBCRF.

ITC Amortization

Accelerated depreciation is the driving factor for investment tax credit (ITC) amortization. We find that additional ITC amortization should be refunded to FPL's customers as a result of the accelerated depreciation recovered by FPL.

FPL amortizes its ITC's generated by the oil backout investments by using a composite amortization rate. The composite amortization rate is developed on a company-wide basis by dividing the book depreciation expense by the depreciable assets that generated the ITC's. The current amortization rate is 4%, which implies a life of 25 years on a composite basis. If only the oil backout assets were considered, the depreciable life would have been considerably shorter since the oil backout assets were recovered over a seven year period, and ratepayers paying for oil backout assets would have received the benefit of the amortization.

The Internal Revenue Code (IRC) and applicable Regulations require that ITC's for an Option 2 utility such as FPL's project earn a weighted rate of return for ratemaking purposes and be amortized above-the-line. The ITC amortization must be no more rapid than ratable (over the depreciable book life). The Regulations allow the use of a composite rate. FPL's current approach does not violate the IRC or the Regulations.

Customers who paid for recovery of the accelerated depreciation of the oil backout assets should receive the benefits of the associated ITC amortization. The amortization method used by FPL will not accomplish this goal, as admitted by FPL's witness, Mr. Donald Babka, on cross-examination.

Thus, there is a mismatch of the ratepayers who paid for the recovery of the oil backout assets and the ratepayers who will receive the benefit of the ITC amortization. In addition, the ratepayers are required to pay a return on the unamortized balance of ITC's.

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As of August 1989, \$17,780,000 of ITC's remain unamortized due to FPL's method of ITC amortization, even though the plant generating the ITC's (the 500 kV line) has been fully recovered. This amount should have been amortized at the same rate the oil backout assets were recovered. Therefore, the unamortized balance should be returned to ratepayers as soon as is practicable, which we find to be through the OBCRF to be established for the April, 1990 through September, 1990 time period. This period was chosen to account for the ITC amortization currently included in the calculation of the OBCRF for October 1, 1989 through March 31, 1990. If this amortization is not considered, it is possible that too much amortization could be passed to the ratepayers, resulting in a normalization violation.

Mr. Babka repeatedly stated his concern that the utility's entire unamortized ITC balance of \$453 million could be placed at risk if an amortization rate specific to the oil backout clause was used. He further requested that FPL be allowed to get a letter ruling from the IRS regarding use of an amortization rate specific to the oil backout clause. This conservative approach would ensure that the ratepayers are not harmed in the long run by loss of the ITC's.

We believe that our ruling would not cause a violation of normalization requirements. However, to ensure that the ratepayers are not harmed in the long run by the remote possibility of loss of \$453 million of ITC's, we will allow FPL to request a letter ruling on this issue, with monies placed subject to refund, with interest, while the letter ruling is pending. The "subject to refund" provisions should begin April 1, 1990, when the new OBCRF is put into effect. We will require that FPL submit a draft of the ruling request to Commission Staff and the parties to this docket within 60 days of the date of the vote in this docket. All parties and Staff will be allowed to participate in drafting the final version of the request to be presented to the Commission for approval. If the parties cannot agree upon the language to be included in the letter ruling request, our Staff will address the alternatives in a recommendation to the Commission, and we will address it at an agenda conference. The parties should be allowed to participate in all phases of the letter ruling process, including any conferences of right. FPL shall notify Commission Staff and the parties of any communication with the IRS on this matter, and upon receipt of the final letter

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ruling, shall file a copy thereof in this docket.

Capacity Charge Collection

FIPUG argues that FPL should be required to collect capacity charges for the Southern System UPS charges through base rate mechanisms. We disagree.

Rule 25-17.016(4)(d) Florida Administrative Code states:

Once approved by the Commission, the costs of a qualified oil-backout project shall continue to be recovered through the Oil-Backout Cost Recovery Factor until such time as they are included in the base rates of the utility.

Thus, FPL must continue to recover the Southern System UPS charges through the OBCRF until such time as they are included in base rates, which would normally be at the time of the utility's next rate case.

Oil Backout Tax Savings

FIPUG questioned whether there were any oil backout Project tax savings due to the change in the federal corporate income tax rate. We find that there are no tax savings associated with the oil backout project. However, as previously discussed, use of a 15.6% return on equity overstates FPL's cost of equity capital and is therefore inappropriate at this time.

For 1987 and 1988, FPL was required to refund tax savings in accordance with Rule 25-14.003, Florida Administrative Code. In that rule, "tax savings" are defined as the "difference between the tax expenses for a utility calculated under the previously effective corporate income tax rates and those calculated under the newly effective, reduced corporate income tax rates." For oil backout purposes, the utility has included current tax rates in its factor and has been recovering income taxes related to oil backout at the current income tax rates. Therefore, tax savings related to oil backout do not exist.

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Discontinuance of the Oil Backout Cost Recovery Factor

FIPUG further argued that Rule 25-17.016(6), Florida Administrative Code, requires the discontinuance of the Oil Backout Cost Recovery Factor when FPL's transmission line costs are fully recovered. We find that it does not. While FIPUG correctly states that the OBCRF must terminate when costs of the project have been recovered, the line itself is only one component of the entire project. Although the transmission line should now be fully depreciated, the Oil Backout Rule requires that cost recovery continue until all project costs are fully recovered or are included in rate base.

We further find that FIPUG's argument that the recovery of oil backout project costs through an energy-based charge is unfair and unduly discriminatory is barred by the doctrines of res judicata and administrative finality. We have consistently rejected this claim in the past. The doctrine of administrative finality mandates that we reject it once more. As FPL pointed out in Appendix A of its brief, entitled "FIPUG's Six Prior Arguments That An Energy Based Oil Backout Charge is Unfair or Inequitable", FIPUG made this same argument in five previous dockets: Docket No. 810241 (the adoption of the oil backout rule); Docket No. 820155-EU (FPL and Tampa Electric Company's oil backout project qualification); Docket No. 820001-EU (FPL's initial oil backout cost recovery in the fuel docket); Docket No. 820097-EU (FPL's 1982 rate case); and Docket No. 830465-EI (FPL's 1984 rate case). We reject FIPUG's attempt to raise the same arguments in this docket. We note that, absent inclusion of the project in rate base, FIPUG's requested relief to discontinue recovery of oil backout project costs in an energy-based oil backout charge is inconsistent with Rule 25-17.016 and therefore not permitted by Section 120.68(12)(b), Florida Statutes.

Rule 25-17.016 (4)(e), Florida Administrative Code, requires that "The Oil-Backout Cost Recovery Factor applicable to a qualified oil-backout project shall be estimated every six months in conjunction with the Fuel and Purchase Power Cost Recovery Clause...." and that [a] true-up adjustment, with interest, shall be made at the end of each six-month period to reconcile differences between estimated and actual data." Thus, FIPUG's claim that this rule does not specify how project costs be recovered is confusing. Although the rule does not specify that the oil backout cost recovery factor be applied on

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an energy basis, an energy-based charge is consistent with the rule. Indeed, it is difficult to conceive of any non-energy based recovery scheme which would be consistent with this section of the rule. We believe that FIPUG's position on this issue is inconsistent with the rule.

Further, FIPUG may not now challenge the use of the Martin Coal units in calculating deferred capacity savings to be used in the calculation of Actual Net Savings since it has, in three prior proceedings in which FIPUG was a party, failed to raise the issue, not objected to stipulated Factors and failed to request reconsideration. However, had FIPUG objected in any of the three prior proceedings in which deferred capacity savings were calculated using the deferred Martin Coal units, the rule would have required the same result: once approved, recovery of the project continues. Although FIPUG is not precluded from contesting calculations derived using the Martin Unit cost estimates in upcoming periods, we will not allow FIPUG to contest the fact of approval. In fact, FIPUG's requested refund of oil backout revenues would constitute illegal retroactive ratemaking at this point, with the exception of project expenses collected after March 1988, which are still properly subject to Commission scrutiny.

We disagree with FIPUG's position that all oil backout revenues may be properly refunded. FIPUG points to the Florida Supreme Court decision in Gulf Power Co. v. Florida Public Service Commission, 487 So. 2d 1036 (Fla. 1986) as support for the position that funds collected through the fuel adjustment clause may be refunded. However, that case dealt with the refund of fuel expenses imprudently incurred. The Supreme Court upheld the Commission's order of a \$2,200,000 refund of excessive fuel costs, pointing out that the "authorization to collect fuel costs close to the time they are incurred should not be used to divest the commission of the jurisdiction and power to review the prudence of these costs." (Id. at 37) Thus, the decision was predicated on the Commission's ability to review the prudence of the utility's fuel expenditures, which is not analogous to the relief requested by FIPUG: retroactive disapproval of the project for cost recovery purposes. FIPUG has presented no evidence that FPL imprudently incurred expenses. Rather, FIPUG's claims amount to an attack on the application of the Oil Backout Rule rather than a request for scrutiny of project expenses.

Based on the foregoing, it is

ORDERED that, except insofar as relief is granted herein,

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the Petition of the Florida Industrial Power Users Group to Discontinue Florida Power & Light Company's Oil Backout Cost Recovery Factor is denied. It is further

ORDERED by the Florida Public Service Commission that Florida Power & Light Company recalculate its Oil Backout revenue requirements and Oil Backout Cost Recovery Factor for the period April 1, 1988 through September 30, 1989, using a 13.6% return on equity rather than 15.6% as previously calculated. It is further

ORDERED that Florida Power & Light Company submit testimony in support of its recalculated Oil Backout revenue requirements and Oil Backout Cost Recovery Factor in connection with the February, 1990 hearing in Docket No. 900001-EI. It is further

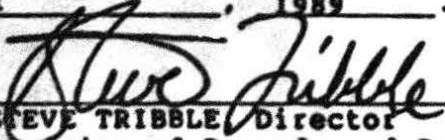
ORDERED that the amount to be refunded to Florida Power & Light Company's ratepayers due to the recalculated revenue requirements and factor will be determined at the February, 1990 hearing in Docket No. 900001-EI, and shall be included in the utility's April - September 1990 Oil Backout Cost Recovery Factor. It is further

ORDERED that, beginning April 1, 1990, Florida Power & Light Company shall place subject to refund a sum of money equal to the revenue effect of the unamortized balance of Investment Tax Credits existing at that date, plus interest from that date forward. It is further

ORDERED that Florida Power & Light Company request a letter ruling from the Internal Revenue Service regarding use of an amortization rate specific to Rule 25-17.016, Florida Administrative Code, in accordance with the terms and provisions of this Order. It is further

ORDERED that this docket shall remain open for further proceedings pending Florida Power & Light Company's receipt of the letter ruling from the Internal Revenue Service as ordered herein.

BY ORDER of the Florida Public Service Commission,
this 5th day of DECEMBER, 1989.


STEVE TRIBBLE Director
Division of Records and Reporting

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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 the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance 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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

APR 8 1989

SHC
TALLAHASSEE

In re: Fuel and Purchased Power Cost) DOCKET NO. 890001-E1
Recovery Clause and Generating) ORDER NO. 20966
Performance Incentive Factor.) ISSUED: 3-29-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McR. WILSON, CHAIRMAN
THOMAS M. BEARD
JOHN T. HERNDON

Pursuant to Notice, hearings were scheduled in this docket on February 22-24, 1989, in Tallahassee, Florida.

APPEARANCES:

JAMES A. MCGEE, Esquire, Office of the General Counsel, Florida Power Corporation, P.O. Box 14042, St. Petersburg, Florida 33733
On behalf of Florida Power Corporation.

MATTHEW CHILDS, Esquire, JOHN BUTLER, Esquire, Steel, Hector and Davis, 310 W. College Ave., Tallahassee, Florida 32301-1406
On behalf of Florida Power & Light.

JEFFREY A. STONE, Esquire, Beggs & Lane, P.O. Box 12950, Pensacola, Florida 32576-2950
On behalf of Gulf Power Company.

JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee, Carothers & Proctor, P.O. Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company.

VICKI GORDON KAUFMAN, Esquire, Lawson, McWhirter, Grandoff & Reeves, 522 Park Avenue, Suite 200, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group, Monsanto Company, American Cyanamid Company, and Air Products & Chemicals.

ZORI G. PERKIN, Esquire, Sutherland, Asbill & Brennan, 1275 Pennsylvania Avenue, N.W., Washington, D.C. 20004-2404
On behalf of Occidental Chemical Corporation.

ROBERT R. MORROW, Esquire, Sutherland, Asbill & Brennan, 1275 Pennsylvania Avenue, N.W., Washington, D.C. 20004
On behalf of the Coalition of Local Governments.

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JOHN ROGER HOWE, Esquire, Office of the
Public Counsel, c/o Florida House of
Representatives, The Capitol,
Tallahassee, Florida 32301
On behalf of the Citizens of the State
of Florida.

MARSHA E. RULE, Esquire, Florida Public
Service Commission, 101 East Gaines
Street, Tallahassee, Florida 32399-0862
On behalf of the Commission Staff.

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

ORDER APPROVING GPIF TARGETS AND RANGES,
AND REWARDS; PROJECTED EXPENDITURES
AND ESTIMATED AND FINAL TRUE-UP
AMOUNTS FOR OIL BACKOUT COST RECOVERY
FACTORS FOR THE PERIOD APRIL, 1989
THROUGH SEPTEMBER, 1989;
AND CRUDE OIL OVERCHARGE REFUNDS

As part of this Commission's continuing fuel cost recovery, oil backout cost recovery, conservation cost recovery, and purchased gas cost recovery proceedings, a hearing was held on February 22, 1989 in this docket and in Dockets Nos. 890002-EG and 890003-GU. The following subjects were noticed for the hearing:

1. Determination of the Projected Levelized Fuel Cost Recovery Factors for all investor-owned electric utilities for the period April, 1989 through September, 1989;
2. Determination of the Estimated Fuel Cost Recovery True-up Amounts for all investor-owned electric utilities for the period October, 1988 through March, 1989, which are to be based on actual data for the period October, 1988 through November, 1988 and revised estimates for the period December, 1988, through March, 1989;
3. Determination of the Final Fuel Cost Recovery True-up Amounts for all investor-owned electric utilities for the period April, 1988 through September, 1988, which are to be based on actual data for that period;
4. Determination of the Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period April, 1989 through September, 1989;
5. Determination of the Estimated Conservation True-up Amounts for certain investor-owned electric and gas utilities for the period October, 1988 through March, 1989, which are to

- be based on actual data for the period October, 1988 through November, 1988 and revised estimates for the period December, 1988 through March, 1989.
6. Determination of the Final Conservation True-up Amounts for certain investor-owned electric and gas utilities for the period April, 1988 through September, 1988 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, 1989 through September, 1989 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, 1988 through March, 1989 for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.16, Florida Administrative Code, which are to be based on actual data for the period October, 1988 through November, 1988 and revised estimates for the period December, 1988 through March, 1989;
 9. Determination of the Final Oil Backout True-up Amounts for the period April, 1988 through September, 1988 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, 1989 through September, 1989;
 11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period April, 1988 through September, 1988; and
 12. Determination of the Purchased Gas Adjustment True-up Amounts for the period April, 1988 through September, 1988 to be recovered during the period April, 1989 through September, 1989.

Procedural Matters

The utilities submitted testimony and exhibits in support of their proposed fuel adjustment true-up amounts, fuel cost recovery factors, generating performance incentive factors, and oil backout true-up amounts and cost recovery factors. The parties agreed to defer several issues as noted herein, and none of the remaining issues were contested. Therefore, the testimony and exhibits of all witnesses set forth in Prehearing Order No. 20784, pages 4-8, were inserted into the record without objection, with the agreed exception of the testimony and exhibits of FIPUG's witness, Jeffrey Pollock. The parties also agreed to defer presentation of certain specified issues until a later scheduled hearing in Docket No. 890001-EI and/or Docket No. 890148-EI.

Generating Performance Incentive Factor (GPIF)

There was no controversy among the parties at this hearing

as to either the appropriate GPIF rewards or the proposed GPIF targets/ranges for the period April, 1988 through September, 1988. Staff, OPC and the utilities stipulated that the following amounts should be the GPIF rewards for the period April, 1988 through September, 1988:

<u>FPL</u> :	\$ 1,645,996	Reward
<u>FPC</u> :	1,201,040	Reward
<u>GULF</u> :	76,007	Reward
<u>TECO</u> :	316,484	Reward

The parties also stipulated to targets and ranges for the period April, 1989 through September, 1989. A complete list of the utilities' targets and ranges is set forth on Attachment A to this order.

Having reviewed the GPIF rewards as well as the targets and ranges discussed above, we find that the Stipulations should be approved.

Oil Backout Cost Recovery Factor

Staff, OPC and the utilities reached a Stipulation as to the true-up amounts for the period April, 1988 through September, 1988; the estimated true-up amount for the period October, 1988 through March, 1989; the true-up amounts to be included during the period April through September, 1989; and the appropriate recovery factor to be applied during that period. We find, therefore, that the oil backout true-up amounts and cost recovery factor should be approved as set forth on Attachment B to this order.

Fuel Adjustment Factors

Only two utilities, FPL and TECO, were concerned with the oil backout cost recovery in these proceedings. Staff, OPC and the utilities reached a stipulation as to the final true-up amounts for the period April, 1988 through September, 1988; the estimated fuel adjustment true-up amounts for the period October, 1988 through March, 1989; and the fuel adjustment true-up amounts and levelized fuel cost recovery factors for the period April, 1989 through September, 1989. The true-up amounts and adjustment factors are set forth on Attachment C to this order. The parties further stipulated to the Revenue Tax Factor to be used in determining the adjusted fuel adjustment and oil backout cost recovery charge to be 1.01652 for the period April, 1989 through September, 1989. It is anticipated that the utility assessment fee will increase from 1/12 to 1/8 of one percent gross operating revenue, effective January 1, 1989, which will increase the current revenue tax factor of 1.01609 to 1.01652. The parties also stipulated the effective date of the new fuel adjustment charge, oil backout charge, and conservation cost recovery charge for billing purposes begin with the specified fuel cycle and thereafter for the period April, 1989 through September, 1989. The parties agreed that billing cycles may start before April 2, 1989 and the last cycle may be read after September 30, 1989, so that each customer is billed for six months regardless of when the adjustment factor became effective. The parties also stipulated that the Commission should approve the methodologies for calculating as-available energy payments to cogenerators as

revised by FPC, FPL, and TECO to reflect the findings contained in Order No. 19548.

Crude Oil Overcharge Refunds

Occidental Chemical Corporation (OCC) raised the issue as to whether FPC must refund to ratepayers, with interest, the full amount of any refunds for crude oil overcharges obtained by FPC and, at prehearing, OCC and FPC stipulated as follows, without objection by Staff or OPC:

Pursuant to ongoing proceedings before the U.S. Department of Energy, Florida Power Corporation (FPC) has received and anticipates further receipt of funds, including a refund amount of \$1,110,629 approved in Case Nos. RF 272-204, et al. Florida Power Corporation (Order dated November 3, 1988). These refunds are intended to compensate ratepayers for overcharges incurred by utilities during the period of federal oil controls, which were passed on to their ratepayers in the cost of fuel. FPC stipulates that the full amount of any such refund received by FPC, plus interest calculated from the time of receipt, will be returned to its ratepayers through a credit to its fuel costs recovered in this proceeding. FPC does not object to returning the refund amount and interest over a 12-month period, as suggested by Occidental to account for the seasonality of electric consumption, provided such period is found to be appropriate by the Commission.

We find, therefore, that the refunds for crude oil overcharges obtained by FPC should be approved as stipulated.

Deferrals:

As noted in Prehearing Order No. 20784, the parties agreed to defer the following issues until a future hearing in Docket No. 890001-EU:

Should Gulf Power be required to dispatch its system on the incremental price of fuel, as defined in Order No. 19548?

Are profits from the sale of coal under the CABOCOL contract entered into for and committed to FPC properly retained by EPC for its shareholders?

Under the cost-plus arrangement between Electric Fuels Corporation and FPC, are the costs included as EPC overhead in "cost" and the investment base to which EPC's return on equity is applied in the "plus" component reasonable and properly included in the cost of coal charged to FPC's customers?

FIPUG raised the following issues regarding FPL:

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

Should FPL be allowed to retain "net savings" attributable to the deferred of the now defunct 700 MW Martin coal units which were collected in prior periods?

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

FPL objected to the inclusion of such issues in this docket on the grounds that they should be included in Docket No. 890148-EI, and that such inclusion would constitute an attempt to revise Commission rules. FIPUG filed a separate petition in Docket No. 890148-EI asking the Commission to discontinue FPL's oil backout charge and to refund all "net savings" attributable to the claimed deferral of Martin 700 MW coal units. On January 27, 1989, FIPUG also filed a Motion to Consolidate Dockets or Hold Certain Issues in Docket No. 890001-EI in Abeyance pending resolution of FIPUG's petition. On February 10, 1989, at the prehearing conference in Docket No. 890001-EI, ruling on the motion was deferred. The motion will be decided by the Commission at an agenda conference. The Commission's ruling on the Motion to Consolidate, therefore, would occur after the scheduled February 22, 1989 hearing in Docket No. 890001-EI. FIPUG and FPL, agreeing that insufficient time remained for discovery and hearing preparation on the above issues, entered into a Stipulation dated February 14, 1989 by which they agreed to defer presentation of the above issues in a later scheduled hearing in Docket No. 890001-EI and/or Docket No. 890148-EI. FPL agreed therein that if any adjustment is made to FPL's OBCRF at such hearing as a result of consideration of the issues, any amounts ordered refunded shall be subject to refund as though the Commission had considered and reached a decision on the issues at the February 22, 1989 hearing on Docket No. 890001-EI. FIPUG and FPL specifically provided that the stipulation shall not be construed as a waiver of any parties' positions or rights in regard to any issues arising from FIPUG's positions in Docket No. 890001-EI of Docket No. 890148-EI. A copy of the stipulation is included as Attachment D.

In consideration of the above, it is

ORDERED that the findings set forth in the body of this Order are hereby approved. It is further

ORDERED that the Stipulations set out in the body of this Order are approved. It is further

ORDERED by the Florida Public Service Commission that the investor-owned electric utilities subject to our jurisdiction are hereby authorized to apply the fuel cost recovery factors set forth on Attachment C during the period of April, 1989 through September, 1989, and until such factors are modified by subsequent Order. It is further

ORDERED that the estimated true-up amounts contained in the above fuel cost recovery factors are hereby authorized subject

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PAGE 7

to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that the Generating Performance Incentive Factor rewards stated in the body of this Order shall be applied to the projected leveled fuel adjustment factors for the period of April, 1989 through September, 1989. It is further

ORDERED that the targets and ranges for the Generating Performance Incentive Factors set forth on Attachment A are hereby adopted for the period of April, 1989 through September, 1989. It is further

ORDERED that investor-owned electric utilities subject to our jurisdiction are hereby authorized to apply the Oil-Backout Cost Recovery Factors set forth on Attachment B during the period April, 1989 through September, 1989, and until such factors are modified by subsequent Order. It is further

ORDERED that the estimated true-up amounts included in the above Oil-Backout Cost Recovery Factors are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that the refunds for crude oil overcharges obtained by Florida Power Corporation are hereby authorized to be refunded pursuant to the terms set forth in the Stipulation included as Attachment D.

By ORDER of the Florida Public Service Commission
this 29th day of MARCH, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

BAB

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 the Commission's final action in this matter may request: 1) reconsideration of the

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PAGE 8

decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance 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.

GPIF TARGETS
 APR - SEPT

Availability

FPL	EAJ	POF	EUOF	Heat Rate
Cape Canaveral 1	78.8	17.5	3.7	9576
Cape Canaveral 2	95.5	0.0	4.5	9471
Fort Myers 2	82.6	13.7	3.7	9299
Manatee 1	79.7	8.7	11.6	9532
Manatee 2	94.3	0.0	5.7	9700
Martin 1	92.8	0.0	7.2	9328
Martin 2	66.6	29.0	4.4	9703
Port Everglades 1	80.3	13.1	6.6	9901
Port Everglades 2	87.0	5.5	7.5	9762
Port Everglades 3	80.6	0.0	19.4	9653
Port Everglades 4	76.6	12.0	11.4	9631
Riviera 3	80.7	6.0	13.3	9830
Riviera 4	83.7	9.8	6.5	9929
Turkey Point 1	80.0	17.5	2.5	9441
Turkey Point 2	88.9	0.0	11.1	9615
Turkey Point 3	65.7	7.7	26.6	11062
Turkey Point 4	76.1	0.0	23.9	11051
St. Lucie 1	91.8	0.0	8.2	10822
St. Lucie 2	77.6	15.3	7.1	10841
FPC	EAJ	POF	EUOF	Heat Rate
Anclotte 1	83.24	7.65	9.11	9839
Anclotte 2	93.75	0.00	6.25	9870
Crystal River 1	90.43	0.00	9.57	10046
Crystal River 2	62.89	19.11	18.00	10169
Crystal River 3	69.68	5.56	23.76	10716
Crystal River 4	71.35	22.93	5.72	9417
Crystal River 5	94.36	0.00	5.64	9448
TECO	EAJ	POF	EUOF	Heat Rate
Gannon 5	57.7	30.6	11.7	10142
Gannon 6	74.3	12.6	13.1	10142
Big Bend 1	86.4	0.0	13.6	9806
Big Bend 2	60.2	30.1	9.7	9806
Big Bend 3	84.2	0.0	15.8	9806
Big Bend 4	92.7	0	7.3	10012
GULF	EAJ	POF	EUOF	Heat Rate
Crist 6	83.9	4.9	11.2	10413
Crist 7	75.8	12.6	11.6	10493
Smith 1	87.9	8.7	3.4	10310
Smith 2	82.9	8.7	8.4	10340
Daniel 1	91.0	4.9	4.1	10723
Daniel 2	97.6	0.0	2.4	10697
Crist 4	95.3	0.0	4.7	11095

AN ORDER
 MADE IN CASE NO. 89-0001

RECORDS MADE & ISSUED THEREOF

FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88

FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88

1. Institutional net sales	FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88		FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88		IN THE RECORD PERIOD - 1/1/88 TO 12/31/88	
	Actual	Difference	Projected	Unfulfilled/Actual	Total Group	Total Total Revenue
	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
2. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
3. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
4. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
5. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
6. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000

RECORDS MADE & ISSUED THEREOF

FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88

FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88

1. Institutional net sales	FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88		FOR THE RECORD PERIOD - 1/1/88 TO 12/31/88		IN THE RECORD PERIOD - 1/1/88 TO 12/31/88	
	Actual	Difference	Projected	Unfulfilled/Actual	Total Group	Total Total Revenue
	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
2. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
3. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
4. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
5. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000
6. All factors revenue applicable to the total	\$1,200,000	\$100,000	\$1,300,000	\$1,300,000	\$1,200,000	\$1,200,000

STATEMENT OF RECEIPTS AND PAYMENTS
 FROM 1/1/90 TO 12/31/90

STATEMENT OF RECEIPTS AND PAYMENTS
 FROM APRIL 1989 TO SEPTEMBER 1989

ACCOUNT	APRIL 1989	MAY 1989	JUNE 1989	JULY 1989	AUGUST 1989	SEPTEMBER 1989	TOTAL
Rate, Power & Light	1,774	2,048	2,048	2,048	2,048	2,048	12,060
Rate, Power & Gas	2,004	2,004	2,004	2,004	2,004	2,004	12,030
Rate, Telephone	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Public	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Telephone (S)	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Total	11,778	14,056	14,056	14,056	14,056	14,056	84,088

STATEMENT OF RECEIPTS AND PAYMENTS
 FROM APRIL 1989 TO SEPTEMBER 1989

ACCOUNT	APRIL 1989	MAY 1989	JUNE 1989	JULY 1989	AUGUST 1989	SEPTEMBER 1989	TOTAL
Rate, Power & Light	1,774	2,048	2,048	2,048	2,048	2,048	12,060
Rate, Power & Gas	2,004	2,004	2,004	2,004	2,004	2,004	12,030
Rate, Telephone	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Public	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Telephone (S)	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Total	11,778	14,056	14,056	14,056	14,056	14,056	84,088

STATEMENT OF RECEIPTS AND PAYMENTS
 FROM APRIL 1989 TO SEPTEMBER 1989

ACCOUNT	APRIL 1989	MAY 1989	JUNE 1989	JULY 1989	AUGUST 1989	SEPTEMBER 1989	TOTAL
Rate, Power & Light	1,774	2,048	2,048	2,048	2,048	2,048	12,060
Rate, Power & Gas	2,004	2,004	2,004	2,004	2,004	2,004	12,030
Rate, Telephone	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Public	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Telephone (S)	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Total	11,778	14,056	14,056	14,056	14,056	14,056	84,088

STATEMENT OF RECEIPTS AND PAYMENTS
 FROM APRIL 1989 TO SEPTEMBER 1989

ACCOUNT	APRIL 1989	MAY 1989	JUNE 1989	JULY 1989	AUGUST 1989	SEPTEMBER 1989	TOTAL
Rate, Power & Light	1,774	2,048	2,048	2,048	2,048	2,048	12,060
Rate, Power & Gas	2,004	2,004	2,004	2,004	2,004	2,004	12,030
Rate, Telephone	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Public	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Rate, Telephone (S)	2,000	2,000	2,000	2,000	2,000	2,000	12,000
Total	11,778	14,056	14,056	14,056	14,056	14,056	84,088

(S) Adjusted for the transfer of the Telephone & Gas - May 1989 - June 1989 difference between other and power to increase in base rate.
 (S) All other items are the effective date of base rate increase to January 1, 1989. All items have rates of 1989, effective 1/1/89,
 are subject to other printing & that order submitted to Jan, 1989.

DIVISION OF ELECTRIC AND GAS
 DATE: 8-22-89
 PAGE 2 of 9

FOR THE MONTHS APRIL 1988-SEPTEMBER 1988

COMPANY	GROUP	DATE	MIDWEST LINE LOSS MULTIPLIER		LINE LOSS MULTIPLIER		WEST LINE LOSS MULTIPLIER	
			Level/Year	Out/In	Level/Year	Out/In	Level/Year	Out/In
PPL	A	01-1,01-1,01-2	1,770	1,910	1,710	1,850	1,720	1,921
	A-1	01-1,01-1	1,765	1,905	1,705	1,845	1,715	1,916
	B	010-1	1,770	1,910	1,710	1,850	1,720	1,921
	B-1	010-1,01-1	1,770	1,910	1,710	1,850	1,720	1,921
	C	010-2,01-2,01-2,01-2	1,770	1,910	1,710	1,850	1,720	1,921
	D	010-3,01-3	1,770	1,910	1,710	1,850	1,720	1,921
	F	01-1,0101-1	1,770	1,910	1,710	1,850	1,720	1,921
PSC	A	010-1,010-1,010-2,010-3	2,066	2,206	2,006	2,146	2,075	2,215
	A-1	01-1,01-1	2,066	2,206	2,006	2,146	2,075	2,215
	B	010-1,010-1,010-2,010-3	2,066	2,206	2,006	2,146	2,075	2,215
REGD	A	01,01,01,01	2,330	2,470	2,270	2,410	2,340	2,480
	A-1	01-1,01-1,01-1,01-2	2,330	2,470	2,270	2,410	2,340	2,480
	C	010-1,010-1	2,330	2,470	2,270	2,410	2,340	2,480
GAT	A	01,01,010-1,010-2	2,074	2,214	2,014	2,154	2,084	2,224
	B	010-1,010-1	2,074	2,214	2,014	2,154	2,084	2,224
	C	010-1,010-2	2,074	2,214	2,014	2,154	2,084	2,224
PENN	A	01,01,010-1,010-2	2,074	2,214	2,014	2,154	2,084	2,224
	B	010-1,010-1	2,074	2,214	2,014	2,154	2,084	2,224
PARKSON	A	01,01	1,470	1,610	1,510	1,650	1,540	1,680
	B	01,010	1,470	1,610	1,510	1,650	1,540	1,680
	C	01-1,01-1	1,470	1,610	1,510	1,650	1,540	1,680

(1) Group line losses reflected on schedule G1

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION DIVISION OF ELECTRIC AND GA
 DATE: 2-22-89
 ESTIMATED FOR THE PERIOD OF: April 1989-September 1989 PAGE 3 of 9

CLASSIFICATION	Classification Associated \$	FLORIDA POWER & LIGHT COMPANY Classification Associated kWh	Classification Associated CENTS/kWh
1. Fuel Cost of System net Generation (E3)	480,312,811	31,267,816,000	1.53712
2. Spent MUC Fuel Disposal Cost (E2)	10,062,819	10,061,652,000 (a)	.10000
3. Coal Car Investment	296,081	0	.00000
4. Adjustments to Fuel Cost	0	0	.00000
5. TOTAL COST OF GENERATED POWER	490,671,711	31,267,816,000	1.57827
6. Fuel Cost of Purchased Power - Firm (E6)	131,956,000	6,453,200,000	2.04419
7. Energy Cost of Sch. C, I Economy Purchases (Broker) (E7)	10,816,480	1,114,340,000	1.61685
8. Energy Cost of Economy Purchases (Non-Broker) (E7)	0	0	.00000
9. Energy Cost of Sch. I Purchases (E7)	0	0	.00000
10. Capacity Cost of Sch. I Economy Purchases (E2)	0	0	.00000
11. Payments to Qualifying Facilities (E8A)	20,596,000	616,600,000	3.34623
12. TOTAL COST OF PURCHASED POWER	170,568,480	8,184,340,000	2.08259
13. TOTAL AVAILABLE kWh		39,433,916,000	
14. Fuel Cost of Economy Sales (E7)	(7,915,000)	(333,100,000)	2.37634
15. Gain on Economy Sales - B02 (E7a)	(1,773,840)	(333,100,000)(a)	.53228
16. Fuel Cost of Unit Power Sales (S12 Portfolio) (E7)	(1,630,000)	(250,200,000)	.65180
17. Fuel Cost of Other Power Sales (E7)	(4,437,000)	(195,000,000)	2.26630
18. TOTAL FUEL COST AND GAINS OF POWER SALES	(15,757,840)	(779,100,000)	2.02249
19. Net Inadvertent Interchange (E4)	0	0	0
20. TOTAL FUEL AND NET POWER TRANSACTIONS	645,425,271	30,654,816,000	1.60987
21. Net Unbilled (E4)	(31,126,400)(a)	(1,864,811,000)	-.08210
22. Company Use (E4)	1,936,442 (a)	115,904,000	.08673
23. T & D Losses (E4)	48,000,000 (a)	2,879,704,000	.14329
24. Adjusted System kWh Sales	645,425,271	33,795,857,000	1.00000
25. Wholesale kWh Sales	8,594,997	430,000,000	1.00000
26. Jurisdictional kWh Sales	636,830,274	33,365,854,000	1.00000
27. Jurisdictional kWh Sales Adjusted for Line Loss - 1.00051	637,213,087	33,365,854,000	1.00007
28. True-up * (derived in Attachment C)	(99,587,503)	33,365,854,000	-.16670
29. Total Jurisdictional Fuel Cost	501,625,584	33,365,854,000	1.74426
30. Revenue Tax Factor			1.01632
31. Fuel Cost Adjusted for Taxes			1.77288
32. GP12*	1,643,996	33,365,854,000	.00494
33. Total fuel cost including GP12	503,269,580	33,365,854,000	1.77801
34. Total Fuel Cost Factor Rounded to the Nearest .001 cents per kWh (used in attachment B, pages 1 and 2 of 9)			1.778

*Based on Jurisdictional Sales (a) included for informational purposes only.
 five dates for billing purposes: 4/1/89-9/30/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION DIVISION OF ELECTRIC AND GAS
 DATE: 7-22-89
 ESTIMATED FOR THE PERIOD OF: April 1989-September 1989 PAGE 4 of 9

CLASSIFICATION	FLORIDA POWER CORPORATION		
	Classification Associated	Classification Associated	Classification Associated
	\$	\$	cents/kWh
1. Fuel Cost of System Net Generation (E3)	289,762,630	14,596,499,000	1.98515
2. Spent WUC Fuel Disposal Cost (E3A)	1,883,379	1,883,379,000 (a)	.10000
3. Coal Car Investments	0	0	.00000
4. Adjustments to Fuel Cost	0	0	.00000
5. TOTAL COST OF GENERATED POWER	291,646,010	14,598,382,379	1.99605
6. Fuel Cost of Purchased Power - Firm (E6)	182,320	2,185,000	4.86120
7. Energy Cost of Sch. E Economy Purchases (Broker) (E7)	10,487,700	315,000,000	3.37941
8. Energy Cost of Economy Purchases (Non-Broker) (E7)	2,775,000	130,000,000	2.81160
9. Energy Cost of Sch. E Purchases (E7)	0	0	.00000
10. Capacity Cost of Sch. E Economy Purchases (E7B)	0	0	.00000
11. Payments to Qualifying Facilities (E8A)	8,775,670	301,000,000	2.86770
12. TOTAL COST OF PURCHASED POWER	22,141,560	756,905,000	2.92520
13. TOTAL AVAILABLE kWh		15,353,404,000	
14. Fuel Cost of Economy Sales (E7)	(9,875,000)	(550,000,000)	1.65000
15. Gain on Economy Sales -802 (E7a)	(1,716,000)	(550,000,000)(a)	.31200
16. Fuel Cost of Other Power Sales (E7)	(3,834,300)	(140,000,000)	2.15611
17. Gain on Other Power Sales (E8)	(560,300)	(140,000,000)(a)	.39000
18. Fuel Cost of Seminole Back-up Sales (E7)	(36,900)	(2,020,000)	2.82120
19. Gain on Seminole Back-up Sales (E7B)	(1,478,261)	(2,020,000)(a)	83.00610
20. Fuel Cost of Seminole Supplemental Sales (E7)	(661,300)	(12,847,000)	5.14824
21. TOTAL FUEL COST AND SALES OF POWER SALES	(16,762,500)	(780,667,000)	2.37625
22. Inadvertent Interchange (E4)	0	0	
23. TOTAL FUEL AND NET POWER TRANSACTIONS	297,883,510	14,647,715,379	2.82766
24. Net Unbilled (E4)	3,204,379 (a)	(254,676,000)	.82940
25. Company Use (E4)	1,970,904 (a)	(97,200,000)	.61402
26. T & D Losses (E4)	22,897,700 (a)	(1,885,353,000)	.16662
27. Adjusted System kWh Sales	297,883,510	13,390,510,379	2.24809
28. Wholesale kWh Sales (including Seminole Supplemental) (16,850,000)	(714,116,000)	2.24809
29. Jurisdictional kWh Sales	281,033,510	12,676,394,379	2.24857
30. Jurisdictional kWh Sales Adjusted for Line Loss - 1.0021	271,539,365	12,646,394,000	2.23129
31. True-up * (derived in Attachment C)	(20,125,000)	12,646,394,000	-.22071
32. Coal Inventory Adjustments	0	0	.00000
33. Total Jurisdictional Fuel Cost	251,414,365	12,646,394,000	2.82256
34. Revenue Tax Factor			1.01652
35. Fuel Cost Adjusted for Taxes			2.85400
36. GP1*	1,291,640	12,646,394,000	.00961
37. Total fuel cost including GP1†	252,706,005	12,646,394,000	2.86361
38. Total Fuel Cost Factor Rounded to the Nearest .001 cents per kWh (used in Attachment B, pages 1 and 2 of 9)			2.864

*Based on Jurisdictional Sales (a) included for informational purposes only.
 †Five dates for billing purposes: 1/30/89-9/26/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION
 ESTIMATED FOR THE PERIOD OF: April 1989-September 1989
 DIVISION OF ELECTRIC AND GAS
 DATE: 2-22-89
 PAGE 5 OF 9

CLASSIFICATION	Classification Associated \$	Tampa Electric Company Classification Associated kWh	Classification Associated cents/kWh
1. Fuel Cost of System Net Generation (E3)	171,661,577	8,315,656,000	2.06432
2. Spent O&M Fuel Disposal Cost (E3A)	0	0	.00000
3. Coal Car Investment	0	0	.00000
4. Adjustments to Fuel Cost	0	0	.00000
1. TOTAL COST OF GENERATED POWER	171,661,577	8,315,656,000	2.06432
5. Fuel Cost of Purchased Power - Firm (E6)	4,560,100	145,680,000	3.13964
6. Energy Cost of Sch. E, E Economy Purchases (Broker) (E7)	293,680	9,451,000	3.18635
7. Energy Cost of Economy Purchases (Non-Broker) (E7)	0	0	.00000
8. Energy Cost of Sch. E Purchases (E7)	0	0	.00000
9. Capacity Cost of Sch. E Economy Purchases	0	0	.00000
10. Payments to Qualifying Facilities (E8A)	4,861,100	197,787,000	2.45776
2. TOTAL COST OF PURCHASED POWER	9,724,880	353,118,000	2.75681
3. TOTAL AVAILABLE kWh		8,668,774,000	
11. Fuel Cost of Economy Sales (E7)	11,400,000	736,482,000	1.54926
12. Gain on Economy Sales - O&M (E7a)	1,548,720	736,482,000 (a)	.20822
13. Fuel Cost of Unit Power Sales (E7)	0	0	.00000
14. Fuel Cost of Other Power Sales (E7)	12,415,000	821,725,000	1.51095
18. TOTAL FUEL COST AND GAINS OF POWER SALES	25,363,720	1,558,187,000	1.62795
15. Net Inadvertent Interchange (E4)	0	0	.00000
16. Interchange and Wheeling Losses	0	20,560,000	.23718
19. FUEL AND NET POWER TRANSACTIONS	156,831,857	7,882,877,000	2.26318
17. Net Unbilled (E4)	0	0	.00000
18. Company Use (E4)	403,162 (a)	10,300,000	.08610
19. T & D Losses (E4)	9,924,337 (a)	459,909,000	.51623
20. Adjusted System kWh Sales	156,831,857	6,612,668,000	2.35951
21. Wholesale kWh Sales	0	0	.00000
22. Jurisdictional kWh Sales	156,831,857	6,612,668,000	2.35951
23. Jurisdictional kWh Sales Adjusted for Line Loss - 0	156,831,857	6,612,668,000	2.35951
24. True-up * (derived in Attachment C)	2,365,830	6,612,668,000	.03570
25. Pyramid Coal Contract Buyout Adjustment	7,763,860	6,612,668,000	.11764
26. Total Jurisdictional Fuel Cost	166,162,763	6,612,668,000	2.51272
27. Revenue Tax Factor	0	0	0.00000
32. Fuel Cost Adjusted for Taxes			2.51272
28. BPSP *	316,486	6,612,668,000	.00479
4. Total Fuel Cost including BPSP			2.51751
29. Total Fuel Cost factor Rounded to the nearest .001 cents per kWh (used in Attachment B, pages 1 and 2 of 9)			2.519

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 4/1/89-9/30/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION DIVISION OF ELECTRIC AND GAS
 ESTIMATED FOR THE PERIOD OF: April 1989-September 1989 DATE: 2-22-89
 PAGE 6 OF 9

CLASSIFICATIONGAL POWER COMPANY.....		
	Classification Associated \$	Classification Associated \$/M	Classification Associated \$/M/EM
1. Fuel Cost of System Not Generation (E3)	99,721,158	4,892,468,888	2.01782
2. Spent WAC Fuel Disposal Cost (E3A)	0	0	.00000
3. Coal Car Investment	481,000	0	.00000
4. Adjustments to Fuel Cost	0	0	.00000
5. TOTAL COST OF GENERATED POWER	99,122,158	4,892,468,888	2.02482
6. Fuel Cost of Purchased Power - Firm (E8)	0	0	.00000
7. Energy Cost of Sch. C, E Economy Purchases (Broker) (E9)	11,949,873	617,688,888	1.93489
8. Energy Cost of Economy Purchases (Non-Broker) (E9)	0	0	.00000
9. Energy Cost of Sch. E Purchases (E9)	0	0	.00000
10. Capacity Cost of Sch. E Economy Purchases (E2)	0	0	.00000
11. Payments to Qualifying Facilities (E8A)	0	0	.00000
12. TOTAL COST OF PURCHASED POWER	11,949,873	617,688,888	1.93489
13. TOTAL AVAILABLE EVM		5,510,157,776	
14. Fuel Cost of Economy Sales (E7)	(194,350)	(18,598,888)	1.03522
15. Gain on Economy Sales - BOS (E7A)	(124,800)	(29,588,888)(a)	.42305
16. Fuel Cost of Unit Power Sales (E7)	(18,159,958)	(466,278,888)	2.17898
17. Fuel Cost of Other Power Sales (E7)	(6,858,633)	(362,387,888)	1.89884
18. TOTAL FUEL COST AND GAINS OF POWER SALES	(17,329,733)	(839,167,888)	2.06511
19. Net Inadvertent Interchange (E4)	0	0	.00000
20. TOTAL FUEL AND NET POWER TRANSACTIONS	99,742,278	4,670,893,000	2.06645
21. Unbilled (E4)	0	0	.00000
22. Company Use (E4)	(175,387)(a)	8,725,888	-.00485
23. T & D Losses (E4)	(6,343,859)(a)	376,155,888	-.16688
24. Adjusted System EVM Sales	99,742,278	4,368,661,000	2.15648
25. Wholesale EVM Sales	3,888,842	161,895,888	2.15648
26. Jurisdictional EVM Sales	96,853,436	4,206,765,112	2.15648
27. Jurisdictional EVM Sales Adjusted for Line Loss - 1.00218	96,872,867	4,206,765,112	2.16151
28. True-up * (derived in Attachment C)	(9,124,734)	4,206,765,112	-.12261
29. Total Jurisdictional Fuel Cost	85,747,233	4,206,765,112	2.07889
30. Revenue Tax Factor			1.01652
31. Fuel Cost Adjusted for Taxes			2.07258
32. GP1F *	76,887	4,206,765,112	.00181
33. Total Fuel Cost including GP1F	85,793,548	4,206,765,112	2.07439
34. Total Fuel Cost Factor Rounded to the Nearest .001 cents per EVM (used in Attachment B, pages 1 and 2 of 9)			2.074

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 3/31/89-9/28/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION DIVISION OF ELECTRIC AND GAS
 ESTIMATED FOR THE PERIOD OF: April 1989 September 1989 DATE: 2-22-89
 PAGE 7 of 9

CLASSIFICATION	FLORIDA PUBLIC UTILITIES (MUR:ANA)		
	Classification Associated \$	Classification Associated kWh	Classification Associated cents/kWh
1. Fuel Cost of System Net Generation (E5)	0	342,000	.00000
2. Spent MUC Fuel Disposal Cost (E31)	0	0	.00000
3. Coal Car Investment	0	0	.00000
4. Adjustments to Fuel Cost	0	0	.00000
1. TOTAL COST OF GENERATED POWER	0	342,000	.00000
5. Fuel Cost of Purchased Power - Firm (E8)	2,347,950	110,625,000	1.97900
6. Energy Cost of Sch. C, 2 Economy Purchases (Broker) (E9)	0	0	.00000
7. Energy Cost of Economy Purchases (Non-Broker) (E9)	0	0	.00000
8. Energy Cost of Sch. 2 Purchases (E9)	0	0	.00000
9. Capacity Cost of Sch. 2 Economy Purchases (E2)	2,920,200	110,625,000 (a)	2.63757
1. Payments to Qualifying Facilities (E84)	0	0	.00000
2. TOTAL COST OF PURCHASED POWER	5,268,150	110,625,000	4.63355
3. TOTAL AVAILABLE kWh		110,167,000	
4. Fuel Cost of Economy Sales (E7)	0	0	.00000
5. Gain on Economy Sales - 80% (E7a)	0	0	.00000
6. Fuel Cost of Unit Power Sales (E7)	0	0	.00000
7. Fuel Cost of Other Power Sales (E7)	0	0	.00000
8. TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	.00000
9. Net Inadvertent Interchange (E4)			
10. TOTAL FUEL AND NET POWER TRANSACTIONS	5,268,150	110,167,000	4.76052
11. Unbilled (E4)	90,500 (a)	2,040,000	.00057
12. Meter Use (E4)	2,910 (a)	60,000	.00260
13. T & B Losses (E4)	204,684 (a)	4,430,000	.00207
14. Adjusted System kWh Sales	5,268,150	112,422,000	4.66406
15. Wholesale kWh Sales	0	0	.00000
16. Jurisdictional kWh Sales	5,268,150	112,422,000	4.66406
17. Jurisdictional kWh Sales Adjusted for Line Loss - 0	5,268,150	112,422,000	4.66406
18. True-up * (derived in Attachment C)	799,879	112,422,000	.02144
19. Total Jurisdictional Fuel Cost	5,978,042	112,422,000	5.31750
20. Revenue Tax Factor			1.01652
1. Fuel Cost Adjusted for Taxes	11,956,086	112,422,000	5.40533
2. GP1F *		112,422,000	.00000
3. Total Fuel Cost Including GP1F	11,956,086	112,422,000	5.40533
4. Total Fuel Cost Factor Rounded to the Nearest .001 cents per kWh (used in Attachment B, pages 1 and 2 of 9)			5.405

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 4/1/89-9/30/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION DIVISION OF ELECTRIC AND GAS
 ESTIMATED FOR THE PERIOD OF: April 1989 September 1989 DATE: 2-24-89
 PAGE 8 OF 9

CLASSIFICATION	FLORIDA PUBLIC UTILITIES (FPL) (Headline)		
	Classification Associated \$	Classification Associated CVM	Classification Associated cents/CVM
1. Fuel Cost of System Net Generation (E3)	0	0	.0000
2. Spent WUC Fuel Disposal Cost (E3A)	0	0	.0000
3. Coal Tar Investment	0	0	.0000
4. Adjustments to Fuel Cost	0	0	.0000
1. TOTAL COST OF GENERATED POWER	0	0	.0000
5. Fuel Cost of Purchased Power - Firm (E8)	2,944,600	77,548,000	3.79700
6. Energy Cost of Sch. C, D Economy Purchases (Broker) (E9)	0	0	.00000
7. Energy Cost of Economy Purchases (Non-Broker) (E9)	0	0	.00000
8. Energy Cost of Sch. E Purchases (E9)	0	0	.00000
9. Capacity Cost of Sch. F Economy Purchases (E2)	1,411,794	77,548,000 (a)	1.87045
10. Demand Costs of Purchased Power (E2)	848,000		
11. Non Fuel Energy and Customer Costs of Purchased Power (E2)	543,794		
12. Payments to Qualifying Facilities (E8A)	1,501,500	39,000,000	3.85000
2. TOTAL COST OF PURCHASED POWER	5,857,723	116,548,000	5.82602
3. TOTAL AVAILABLE CVM		116,548,000	
13. Fuel Cost of Economy Sales (E7)	0	0	.00000
14. Gain on Economy Sales - B02 (E7A)	0	0	.00000
15. Fuel Cost of Unit Power Sales (E7)	0	0	.00000
16. Fuel Cost of Other Power Sales (E7)	0	0	.00000
8. TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	.00000
9. Net Inadvertent Interchange (E4)			
TOTAL FUEL AND NET POWER TRANSACTIONS	5,857,723	116,548,000	5.82602
17. Net Unfilled (E4)	145,004 (a)	2,897,400	.13664
18. Company Use (E4)	4,976 (a)	99,000	.00467
19. T & P Losses (E4)	251,529 (a)	4,994,000	.22909
20. Adjusted System CVM Sales	5,857,723	106,558,000	5.49722
21. Wholesale CVM Sales	0	0	.00000
22. Jurisdictional CVM Sales	5,857,723	106,558,000	5.49722
23. Jurisdictional CVM Sales Adjusted for Line Loss - 0	5,857,723	106,558,000	5.49722
24. C&D CVM Sales (E11)		12,840,000	
25. Other Classes CVM Sales (E11)		93,718,000	
26. C&D CP CP		60,000	
27. CP CP			
28. True-up * (derived in Attachment C)	0	106,558,000	.76176
29. Total Jurisdictional Fuel Cost	5,857,723	106,558,000	4.73545

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION DIVISION OF ELECTRIC AND GAS
 ESTIMATED FOR THE PERIOD OF: April 1989 September 1989 DATE: 2-22-89
 PAGE 9 OF 9

CLASSIFICATION	*****FLORIDA PUBLIC UTILITIES (FERNANDINA)*****		
	Classification Associated	Classification Associated	Classification Associated
	\$	\$/M	cents/\$/M
2a Demand Purchased Power Costs (line 10a)	848,000 (a)		
2b Non-Demand Purchased Power Costs (lines 6-10b-11)	5,009,723 (a)		
2c True-up Over/Under Recovery (line 20)	(811,718)(a)		
1. Total Demand Costs	848,000		
2. ESLD Portion of Demand Costs			
Including line losses (line 27a * 53.30)	198,000	60,000	
3. Balance to Other Customers	650,000	95,718,000	
4. Total Non-Demand Costs (line 30a)	5,009,723		
5. Total kWh Purchased (line 42)		116,548,000	
6. Average Cost per kWh Purchased			4.29642
7. Avg. Cost Adjusted for Transmission Line Losses (line 36 * 1.83)			4.42100
8. ESLD Non-Demand Costs (line 27a * line 37)	567,656	12,840,000	4.42100
9. Balance to Other Customers	4,442,067	95,718,000	4.73962
2a. Total ESLD Demand Costs (line 32)	198,000	60,000	3.00000
2b. Revenue Tax Factor			1.01652
2c. ESLD Demand Purchased Power factor adjusted for taxes and rounded			3.35452
2d. Total Current ESLD Non-Demand Costs (line 30)	567,656	12,840,000	4.42100
2e. Total Non-Demand Costs including true-up	567,656	12,840,000	4.42100
2f. Revenue Tax Factor			1.01652
2g. ESLD Non-Demand costs adjusted for taxes			4.49686
1. Total Demand and Non-Demand Purchased Power Costs of other classes (lines 33 - 39)	5,092,067	95,718,000	5.43330
1b. Other Classes' Portion of True-up (line 42)	(811,718)	95,718,000	- .86613
1c. Total Demand and Non-Demand Costs including True-up	4,280,349	95,718,000	4.56726
1d. Revenue Tax Factor			1.01652
1e. Other Classes Purchased Power factor adjusted for taxes to the nearest .001 cents per kWh (used in Attachment B, pages 1 and 2 of 9)			4.64272

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 4/1/89-9/30/89

ORDER NO. 20966
DOCKET NO. 890001-EI
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ATTACHMENT D

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power) DOCKET NO. 890001-EI
Cost Recovery Clause and Generating)
Performance Incentive Factor.)
Submitted for filing:
February 14, 1989

STIPULATION

The Florida Industrial Power Users Group ("FIPUG") and Florida Power & Light Company ("FPL") do hereby enter into the following stipulation and request that consideration of Issues 15-17 and FIPUG's position on Issues 11-14 (the "Issues") be deferred from the February 22 hearing in this docket:

1. FIPUG and FPL are parties in Docket No. 890001-EI. Issues 11-14 in that docket, as delineated in the Prehearing Order, involve the setting and application of the Oil Backout Cost Recovery Factor ("OBCRF") by FPL for the time frames covered by the hearing.

2. Issues 15-17, as delineated in the Prehearing Order, set forth issues raised by FIPUG in regard to the application of the OBCRF. FIPUG seeks a refund of certain monies collected by FPL pursuant to the OBCRF and discontinuation of FPL's oil backout cost recovery mechanism. Further, with respect to Issues 11-14, FIPUG has asserted that all revenues associated with claims of deferral benefits should be refunded to customers.

3. Docket No. 890001-EI is set for hearing beginning February 22, 1989.

4. FIPUG currently has pending in Docket No. 890148-EI a Petition to Discontinue FPL's OBCRF. This petition has not yet been set for hearing.

5. On January 27, 1989, FIPUG filed a motion to consolidate the two dockets as they relate to FPL's OBCRF or, alternatively, to hold the OBCRF issues in Docket No. 890001-EI in abeyance pending resolution of FIPUG's petition.

6. On February 10, 1989 at the prehearing conference in Docket No. 890001-EI, Commissioner Herndon deferred ruling on FIPUG's Motion to Consolidate. He sent the motion to the full Commission for a ruling at the March 7, 1989 Agenda Conference. Thus, the Commission's ruling on the Motion to Consolidate will occur after the February 22, 1989 hearing in Docket No. 890001-EI.

7. FIPUG and FPL agree that insufficient time exists for discovery and hearing preparation on the "issues" as currently included in the February 22 hearing in Docket No. 890001-EI.

8. In order to allow sufficient time for discovery and preparation so as to present all the facts to the Commission, FIPUG and FPL stipulate:

a. FPL shall proceed with the presentation of evidence at the February 22, 1989 hearing in regard to issues 11-14 as those issues relate to the setting of the OBCRF;

b. FIPUG agrees to defer presentation of its position on the "issues" until such "issues" are decided in a later scheduled hearing or ruling in Docket No. 890001-EI and/or Docket No. 890148-EI; :

c. FPL agrees that if any adjustment is made to FPL's OBCRF as a result of the proceedings in a later scheduled hearing in Docket No. 890001-EI and/or Docket No. 890148-EI, as a result of consideration of the "Issues," any amounts ordered to be refunded shall be subject to refund as though the Commission had considered and reached a decision on the "Issues" in the hearing held on February 22 in Docket No. 890001-EI; and

d. FIPUG and FPL agree that this Stipulation in no way shall be construed as a waiver of any parties' positions or rights in regard to any "Issues" arising from FIPUG's positions in Docket No. 890001-EI and/or Docket No. 890148-EI.

9. The undersigned are authorized to represent that the Office of Public Counsel joins in this Stipulation.


Joseph A. McElroy
Lawson, McWhirter, Grandoff
& Reeves
522 E. Park Avenue, Suite 200
Tallahassee, Florida 32301
904/222-2525


Matthew H. Chiles
Steel, Hector & Davis
310 W. College Avenue
Tallahassee, Florida 32301
904/222-4192

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION


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

DOCKET NO. 890001-EI

Submitted for filing:
February 14, 1989

JOINT MOTION FOR APPROVAL OF STIPULATION

The Florida Industrial Power Users Group ("FIPUG") and Florida Power & Light Company ("FPL") jointly request that, for the reasons stated in the attached Stipulation, the Stipulation be approved and the issues delineated in the Stipulation be deferred for hearing or resolution at a later time.


Matthew M. Childs
Steel, Hector & Davis
310 W. College Avenue
Tallahassee, Florida 32301
904/222-4192

Attorney for Florida Power
& Light Company


Joseph A. McGlothlin
Vicki Gordon Kaufman
Lawson, McWhirter, Grandoff
& Reeves
522 E. Park Avenue, Suite 200
Tallahassee, Florida 32301
904/222-2525

Attorneys for the Florida
Industrial Power Users Group

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Joint Motion for Approval of Stipulation has been furnished by hand delivery* or by U.S. Mail to the following parties of record, this 14th day of February, 1989.

Marsha Rule and Jeffry Wiggs*
Division of Legal Services
Florida Public Service Commission
101 E. Gaines Street
Tallahassee, FL 32399-0850

G. Edison Holland
Jeffrey A. Stone
Beggs & Lane
Post Office Box 12950
Pensacola, FL 32576

Robert S. Goldman
Messer, Vickers, Caparello,
French & Madsen
Post Office Drawer 1876
Tallahassee, FL 32302-1876

Robert R. Morrow
Sutherland, Asbill & Brennan
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2404

Gail P. Fels
Assistant County Attorney
Metro-Dade Center
111 N.W. First Street
Suite 2810
Miami, FL 33128-1993

Prentice P. Pruitt
Florida Public Service
Commission
101 East Gaines Street
Tallahassee, FL 32399

Jack Shreve, Public Counsel*
John Roger Howe
Office of the Public Counsel
c/o Florida House of
Representatives
The Capitol
Tallahassee, FL 32399

Lee L. Willis
James D. Beasley
Ausley, McMullen, McGehee,
Carothers and Proctor
Post Office Box 391
Tallahassee, FL 32302

James A. McGee
Florida Power Corporation
Post Office Box 14042
St. Petersburg, FL 33733

Zori G. Ferkin
Judith A. Center
Sutherland, Asbill & Brennan
1275 Pennsylvania Avenue, NW
Suite 1000
Washington, D.C. 20004-2404

Ben E. Girtman
1020 E. Lafayette Street
Suite 207
Tallahassee, FL 32301

Timer Powers
Post Office Box 8
Indiantown, FL 34956

Joseph Herrmann
607 South Evers Street
Plant City, FL 33566

John T. Butler
Steel, Hector and Davis
4000 S.E. Financial Center
Miami, FL 33131-2398

Charles A. Costin
413 Williams Avenue
Post Office Box 98
Port St. Joe, FL 32456

George E. Roberts
10180 Riverside Drive
Palm Beach Gardens, FL 33410

Major Gary A. Enders, USAF
Hurburt Field
Pensacola Naval Air Station
and Naval Coastal Systems Ctr.
HQ USA/ULT, STOP 21
Tyndall AFB, FL 32403-6001

H. G. Wells
Coalition of Local Governments
Post Office Box 4748
Clearwater, FL 33518

James Stanfield
Florida Power Corporation
301 34th Street, South
Post Office Box 14042
St. Petersburg, FL 33711

Stuart Shoaf
Regulatory Affairs
Post Office Box 549L
Port St. Joe, FL 32456

Marcelle S. Masters
Secretary-Treasurer
Post Office Box 69-J
Miami, FL 33169

Ansley Watson, Jr.
MacFarlane, Ferguson, Allison
& Kelly
Post Office Box 1531
Tampa, FL 33601

Richard M. Fleisher
9301 S.W. 56th Street
Miami, FL 33165

Ms. Josephine H. Stafford
Assistant City Attorney
315 East Kennedy Boulevard
Tampa, FL 33615

Lee G. Schmutte
Reedy Creek Utilities, Inc.
Post Office Box 40
Lake Buena Vista, FL 32830


Joseph A. McGlothlin

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power) DOCKET NO. 890001-EI
Cost Recovery Clause and Generating)
Performance Incentive Factor.)
Submitted for filing:
February 14, 1989

STIPULATION

The Florida Industrial Power Users Group ("FIPUG") and Florida Power & Light Company ("FPL") do hereby enter into the following stipulation and request that consideration of Issues 15-17 and FIPUG's position on Issues 11-14 (the "Issues") be deferred from the February 22 hearing in this docket:

1. FIPUG and FPL are parties in Docket No. 890001-EI. Issues 11-14 in that docket, as delineated in the Prehearing Order, involve the setting and application of the Oil Backout Cost Recovery Factor ("OBCRF") by FPL for the time frames covered by the hearing.

2. Issues 15-17, as delineated in the Prehearing Order, set forth issues raised by FIPUG in regard to the application of the OBCRF. FIPUG seeks a refund of certain monies collected by FPL pursuant to the OBCRF and discontinuation of FPL's oil backout cost recovery mechanism. Further, with respect to Issues 11-14, FIPUG has asserted that all revenues associated with claims of deferral benefits should be refunded to customers.

3. Docket No. 890001-EI is set for hearing beginning February 22, 1989.

4. FIPUG currently has pending in Docket No. 890148-EI a Petition to Discontinue FPL's OBCRF. This petition has not yet been set for hearing.

5. On January 27, 1989, FIPUG filed a motion to consolidate the two dockets as they relate to FPL's OBCRF or, alternatively, to hold the OBCRF issues in Docket No. 890001-EI in abeyance pending resolution of FIPUG's petition.

6. On February 10, 1989 at the prehearing conference in Docket No. 890001-EI, Commissioner Herndon deferred ruling on FIPUG's Motion to Consolidate. He sent the motion to the full Commission for a ruling at the March 7, 1989 Agenda Conference. Thus, the Commission's ruling on the Motion to Consolidate will occur after the February 22, 1989 hearing in Docket No. 890001-EI.

7. FIPUG and FPL agree that insufficient time exists for discovery and hearing preparation on the "Issues" as currently included in the February 22 hearing in Docket No. 890001-EI.

8. In order to allow sufficient time for discovery and preparation so as to present all the facts to the Commission, FIPUG and FPL stipulate:

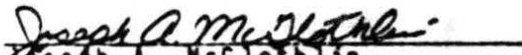
a. FPL shall proceed with the presentation of evidence at the February 22, 1989 hearing in regard to issues 11-14 as those issues relate to the setting of the OBCRF;


b. FIPUG agrees to defer presentation of its position on the "Issues" until such "Issues" are decided in a later scheduled hearing or ruling in Docket No. 890001-EI and/or Docket No. 890148-EI;

c. FPL agrees that if any adjustment is made to FPL's OBCRF as a result of the proceedings in a later scheduled hearing in Docket No. 890001-EI and/or Docket No. 890148-EI, as a result of consideration of the "Issues," any amounts ordered to be refunded shall be subject to refund as though the Commission had considered and reached a decision on the "Issues" in the hearing held on February 22 in Docket No. 890001-EI; and

d. FIPUG and FPL agree that this Stipulation in no way shall be construed as a waiver of any parties' positions or rights in regard to any "Issues" arising from FIPUG's positions in Docket No. 890001-EI and/or Docket No. 890148-EI.

9. The undersigned are authorized to represent that the Office of Public Counsel joins in this Stipulation.


Joseph A. McGlothlin
Lawson, McWhirter, Grandoff
& Reeves
522 E. Park Avenue, Suite 200
Tallahassee, Florida 32301
904/222-2525


Matthew H. Childs
Steel, Hector & Davis
310 W. College Avenue
Tallahassee, Florida 32301
904/222-4192

FEB 24 1989

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SHD
TALLAHASSEE

In re: Fuel and Purchased Power) DOCKET NO. 890001-EI
Cost Recovery Clause and Generating) ORDER NO. 20784
Performance Incentive Factor.) ISSUED: 2-21-89

Pursuant to Notice, a Prehearing Conference was held on February 10, 1989, in Tallahassee, before Commissioner John T. Herndon, Prehearing Officer.

APPEARANCES:

JAMES A. MCGEE, Esquire, Office of the General Counsel, Florida Power Corporation, P. O. Box 14042, St. Petersburg, Florida 33733
On behalf of Florida Power Corporation.

MATTHEW CHILDS, Esquire, Steel, Hector and Davis, 310 W. College Ave., Tallahassee, Florida 32301-1406
On behalf of Florida Power & Light.

ROBERT S. GOLDMAN, Esquire, Messer, Vickers, Caparello, French & Madsen, P. A., P. O. Box 1876, Tallahassee, Florida 32301
On behalf of Florida Public Utilities Company.

JEFFREY A. STONE, Esquire, Beggs & Lane, P. O. Box 12950, Pensacola, Florida 32576-2550
On behalf of Gulf Power Company.

JAMES D. BEASLEY, Esquire, Ausley, McMullen McGehee, Carothers & Proctor, P. O. Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company.

VICKI GORDON KAUFMAN, Esquire, Lawson, McWhirter, Grandoff & Reeves, 522 Park Avenue, Suite 200, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group, Monsanto Company, American Cyanamid Company, and Air Products & Chemicals.

ZORI G. FERKIN, Esquire, Sutherland, Asbill & Brennan, 1275 Pennsylvania Avenue, N. W., Washington, D. C. 20004-2404
On behalf of Occidental Chemical Corporation.

ROBERT R. MORROW, Esquire, Sutherland, Asbill & Brennan, 1275 Pennsylvania Avenue, N. W., Washington, D. C., 20004
On behalf of the Coalition of Local Governments.

JOHN ROGER HOWE, Esquire, Office of the
Public Counsel, c/o Florida House of
Representatives, The Capitol, Tallahassee,
Florida 32301
On behalf of the Citizens of the State of
Florida.

MARSHA E. RULE, Esquire, Florida Public
Service Commission, 101 East Gaines Street,
Tallahassee, Florida, 32395-0863
On behalf of the Commission Staff.

Prentice Pruitt, Office of General Counsel,
Florida Public Service Commission, 101 East
Gaines Street, Tallahassee, Florida,
32399-0861
Counsel to the Commissioners.

PREHEARING ORDER

Background

As part of the continuing fuel cost recovery proceedings,
a hearing is set for February 22-24 in this docket and in
Dockets No. 890002-EG and 890003-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, 1989 through September, 1989;
2. Determination of the Estimated Fuel
Adjustment True-Up Amounts for all
investor-owned electric utilities for
the period October, 1988 through March,
1989, which are to be based on actual
data for the period October, 1988
through November, 1988, and revised
estimates for the period December, 1988
through March, 1989;
3. Determination of the Final Fuel
Adjustment True-Up Amounts for all
investor-owned electric utilities for
the period April 1988 through September,
1988, which are to be based on actual
data for that period;
4. Determination of the Projected
Conservation Cost Recovery Factors for
certain investor-owned electric and gas
utilities for the period April, 1989
through September, 1989;

5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period October, 1988 through March, 1989, which are to be based on actual data for the period October, 1988 through November, 1988, and revised estimates for the period December, 1988 through March, 1989;
6. Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1988 through September, 1988, 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, 1989 through September, 1989, for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.16, Florida Administrative Code;
8. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period October, 1988 through March, 1989, for the costs of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.16, Florida Administrative Code, which are to be based on actual data for the period October, 1988 through November, 1988, and revised estimates for the period December, 1988 through March, 1989;
9. Determination of the Final Oil backout True-up Amounts for the period April, 1988 through September, 1988, 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, 1989 through September, 1989;
11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period April, 1988 through September, 1988; and
12. Determination of the Purchased Gas Adjustment True-Up Amounts for the period April, 1988 through September, 1988, to be recovered during the period April, 1989 through September, 1989.

Use of Prefiled Testimony

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 exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party desires to use any portion of a deposition or an interrogatory, at the time the party seeks to introduce that deposition or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions subject to the same conditions.

Order of Witnesses

The witness schedule is set forth below in order of appearance by the witness's name, subject matter, and the issues which will be covered by his or her testimony.

The parties have stipulated that testimony of witnesses on the list below whose names are preceded by an asterisk shall be inserted into the record at hearing as though read, cross-examination shall be waived, and that witness shall be excused from attendance at the hearing.

<u>Witness</u>	<u>Subject Matter</u>
(Direct)	
1. Karl A. Wieland (FPC)	Fuel Adjustment, true-up and projections
*2. David T. Buell (FPC)	GPIF, reward/penalty and targets/ranges
3. D.L. Babka (FPL)	Levelized fuel cost recovery final true-up April 1988 through September 1988; levelized oil-backout cost recovery true-up, April 1988 through Sept. 1988; levelized fuel recovery factor April 1989 through Sept. 1989; levelized oil-backout cost recovery factor, April 1989 through Sept. 1989
4. W.H. Smith (FPL)	Levelized oil-backout cost recovery true-up, April 1988 through Sept. 1988; levelized oil-backout cost recovery factor April 1989 through Sept. 1988

ORDER NO. 20784
DOCKET NO. 890001-E1
PAGE 2

JOHN ROGER HOWE, Esquire, Office of the
Public Counsel, c/o Florida House of
Representatives, The Capitol, Tallahassee,
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On behalf of the Citizens of the State of
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3. Determination of the Final Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April 1988 through September, 1988, which are to be based on actual data for that period;
4. Determination of the Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period April, 1989 through September, 1989;

5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period October, 1986 through March, 1989, which are to be based on actual data for the period October, 1988 through November, 1988, and revised estimates for the period December, 1988 through March, 1989;
6. Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1988 through September, 1988, which are to be based on actual data for that period;
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8. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period October, 1988 through March, 1989, for the costs of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.16, Florida Administrative Code, which are to be based on actual data for the period October, 1988 through November, 1988, and revised estimates for the period December, 1988 through March, 1988;
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*2. David T. Buell (FPC)	GPIF, reward/penalty and targets/ranges
3. D.L. Babka (FPL)	Levelized fuel cost recovery final true-up April 1988 through September 1988; levelized oil-backout cost recovery true-up, April 1988 through Sept. 1988; levelized fuel recovery factor April 1989 through Sept. 1989; levelized oil-backout cost recovery factor, April 1989 through Sept. 1989
4. W.H. Smith (FPL)	Levelized oil-backout cost recovery true-up, April 1988 through Sept. 1988; levelized oil-backout cost recovery factor April 1989 through Sept. 1988

<u>Witness</u>	<u>Subject Matter</u>
(Direct)	
*5. R.M. Sanchez (FPL)	GPIF, April 1988 through September 1988 and April 1989 through Sept. 1989
6. R. Silva (FPL)	Levelized fuel recovery factor April 1989 through Sept. 1989
7. G.L. Whiting (FPL)	Levelized fuel recovery factor April 1989 through Sept. 1989
8. A.M. Grealy (FPL)	Levelized fuel recovery factor April 1989 through Sept. 1989
*9. Jack Brown (FPUC)	Purchased power cost recovery: true-up (Marianna and Fernandina Beach). Assuming no objection, the utility proposes to insert this testimony into the record as if read.
*10. J.L. Haskins (Gulf)	Fuel Adjustment True-Up and Projected Factors
*11. M.L. Gilchrist (Gulf)	Fuel Adjustment True-Up and Projected Factors
*12. G.D. Fontaine (Gulf)	GPIF Awards and Targets and Ranges
*13. G.A. Keselowsky (TECO)	GPIF reward/penalty and target/ range
*14. J.E. Mulder (TECO)	Fuel adjustment true-up and projections
*15. R.F. Torczak (TECO)	Oil backout cost recovery
*16. A.D. Remmers (TECO)	Oil backout cost recovery
17. Jeffry Pollock (FIPUG)	FIPUG's Petition to require FPL to discontinue its oil backout cost recovery charge

EXHIBIT LIST

The parties have stipulated that the exhibits on the list below which are preceded by an asterisk shall be admitted and inserted into the record without objection.

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>FPC HAS BEEN ASSIGNED EXHIBIT NUMBERS 101-199</u>		
101	Wieland	<u>True-up</u> Variance Analysis Schedules A1 through A13
102	Wieland	<u>Projections</u> Forecast Assumptions (Parts A-C through E1), Schedules E11, M1 and COG, April through Sept. 1989
*103 Schedules	Buell	<u>Reward/Penalty</u> Standard Form GP17
*104 Schedules	Buell	<u>Targets/Ranges</u> Standard Form GP17
<u>FPL HAS BEEN ASSIGNED EXHIBIT NUMBERS 201-299</u>		
201	Barka	A Schedules
202	Barka, Smith	OB Schedules
203	Silva, Whiting Barka, Grealy	Appendix A, A Schedules, Oct. '88 - Nov. '88
204	Silva, Whiting Barka, Grealy	Appendix B, E Schedules, April-Sept. 1989
205	Sanchez	Document 1
<u>FPUC HAS BEEN ASSIGNED EXHIBIT NUMBERS 310-399</u>		
*301	Brown	Schedules E1, with attachment, E1B, E2, E4, E8, Revised E10, E11, M1 and M11 also, Calculation of True-Up Surcharge (Exhibit "A") (Marianna)
*302	Brown	Schedules E11 and F1, Revised Schedules E1, E1b, E2, E4, E8A, E10 and M1; also Calcula- tion of True-up Surcharge (Exhibit "A") (Fernandina Beach)

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>GULF HAS BEEN ASSIGNED EXHIBIT NUMBERS 401-499</u>		
*401	Haskins	Calculation of True-Up April-Sept. 1988 (JLM-1)
*402	Haskins	Schedules E1 through E12; M1; M2 Schedules A1 through A11 for June, July, August, Sept., Oct. & Nov. 1988 - Support Schedules for Fuel Adjustment (JLM-2)
*403	Gilchrist	List of Coal Suppliers April, Sept. 1988 (MLG-1)
*404	Gilchrist	Comparison of Projected and Actual Fuel Cost Sept. 1980 - Sept. 1989; Comparison of Actual 1988 Feasby Contract and Plant Daniel Coal Purchases to "bought out" contract prices (MLG-2)
*405	Fontaine	GPIF Results and Proposed Targets - Support Schedules from Rewards (GDF-1) and Targets and Ranges (GDF-2)
<u>TECO HAS BEEN ASSIGNED EXHIBIT NUMBERS 501-599</u>		
*501	Keselowsky	True-up Exhibit (GAK1) to testimony filed 11-28-88
*502	Keselowsky	Projection Exhibit (GAK2) to testimony filed 1-9-89
*503	Mulder	True-Up Fuel Costs for Period April-Sept. 1988; Exhibit (JEM1) to testimony filed 11-28-88
*504	Mulder	Projection Schedules H-1, E-1-E-11, A-2 and Revised Tariff Sheets; Exhibit (JEM2) to testimony filed 1-9-89

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
*505	Tomczak,	True-Up Schedules for the Remers Period April through Sept. 1989, Exhibit (RFT/ADR-1) filed 11-16-89
*506	Tomczak,	Projection Schedules for the Remers Period April through September 1989; Exhibit (RFT/ADR-2) to testimony filed 1-9-89
*507	Tomczak, Remers	Comparison of Projected Payoff with Original Estimate for Gannon Conversion Project; Exhibit (RFT ADR-3) to testimony filed 1-9-89

FIPG HAS BEEN ASSIGNED EXHIBIT NUMBERS 401-499

601	Pollock	Affidavit of Jeffrey Pollock, with supporting schedules
602	Pollock	Recovery of Capacity Deferral Savings Through Oil Backout Cost Recovery Clause

OCC HAS BEEN ASSIGNED EXHIBIT NUMBERS 701-799

At this time, no exhibits have been identified.

MC/ACC/APC HAVE BEEN ASSIGNED EXHIBIT NUMBERS 801-899

At this time, no exhibits have been identified.

CLG HAS BEEN ASSIGNED EXHIBIT NUMBERS 901-999

At this time, no exhibits have been identified.

FEA HAS BEEN ASSIGNED EXHIBIT NUMBERS 1001-1099

At this time, no exhibits have been identified.

TAMPA HAS BEEN ASSIGNED EXHIBIT NUMBERS 1101-1099

At this time, no exhibits have been identified.

OPC HAS BEEN ASSIGNED EXHIBIT NUMBERS 1201-1299

At this time, no exhibits have been identified.

STAFF HAS BEEN ASSIGNED EXHIBIT NUMBERS 1301-1399

At this time, no exhibits have been identified.

PARTIES' STATEMENT OF BASIC POSITION

Staff:

Staff agrees with the Oil Backout calculation provided by Florida Power & Light Company and Tampa Electric Company for billing during the April - September, 1989 period.

Staff agrees with the Fuel Adjustment Clause calculations provided by Florida Power Corporation, Florida Power & Light Company, Florida Public Utilities Company (Fernandina Beach), Gulf Power Company and Tampa Electric Company for billing during the April - September, 1989 period. Staff also agrees with the revised calculations of Florida Public Utilities Company (Marianna) for the April - September, 1989 billing period.

Staff's positions are further shown in Attachment A.

Florida Power Corporation (FPC):

FPC's fuel cost recovery factors for the period April - September 1989 have been properly calculated based upon reasonable fuel cost projections and true-up amounts. In addition, FPC has calculated its GPIF reward for the period April - September 1988 and its GPIF targets and ranges for the period April - September 1989 in accordance with the methodology and procedures established by the Commission. FPC therefore submits that its fuel cost factors, which include its GPIF reward, and its GPIF targets and ranges should be approved for application on cycle billings during the months of April through September, 1989.

Florida Power & Light Company (FPL):

The proposed Fuel Cost Recovery and Oil Backout True-Up amounts and factors are reasonable and should be approved. The Generating Performance Incentive Factor and proposed availability and heat rate targets are reasonable and should be approved.

Florida Public Utility Company (FPU):

1) The Commission should approve the utility's end of period total net true-up amounts for the period April 1, 1988 through September 30, 1988 of \$145,163 underrecovery for the Marianna Division and \$194,183 overrecovery for the Fernandina Beach Division. (Brown)

2) The Commission should approve the utility's estimated fuel adjustment true-up amounts for the period October 1, 1988 through March 31, 1989 of \$564,716 underrecovery for the Marianna Division and \$17,535 overrecovery for the Fernandina Beach Division, based upon two months actual and four months estimated data. (Brown)

3) The Commission should approve the utility's leveled fuel adjustment factors of 5.405 cents per kWh (before adjustment for line losses) for the Marianna Division and 4.641 cents per kWh for the Fernandina Beach Division, to be applied to customer bills during the period April 1, 1989 through September 30, 1989. (Brown)

Gulf Power Company (Gulf):

The proposed Fuel factors present the best estimate of Gulf's Fuel expense for the period March 1989 through September 1989, including the true-up calculations and other adjustments allowed by the Commission.

Tampa Electric Company (TECO):

Tampa Electric Company submits that it has properly calculated its true-up amounts and projected cost recovery factors for fuel adjustment and oil backout cost recovery. In addition, the company has properly determined the GPIF reward to which it is entitled, as well as the GPIF targets and ranges for the forthcoming period (April-September 1989). These proposals should be approved as submitted.

Florida Industrial Power Users Group (FIPUG):

Because the transmission line project which comprises FPL's oil backout project has not achieved the economic displacement of oil which led the Florida Public Service Commission ("Commission") to qualify it under the Oil Backout Rule, to allow FPL to recover the remaining costs of the investment through the special energy charge would be unreasonable, especially to high load factor customers. Further, FPL should be required to refund certain oil backout revenues collected since October, 1987, because the "deferral benefits" on which recovery was based are nonexistent.

FIPUG has filed a Motion to Consolidate Dockets or Hold Certain Issues in Docket 890001-EI in Abeyance, requesting an order consolidating this docket with Docket No. 890148-EI. In the alternative, FIPUG requested the Commission to hold in abeyance any decision on issues herein pertaining to FPL's Oil Backout Cost Recovery Factor pending disposition of its petition in Docket No. 890148-EI. Thereafter, FPL and FIPUG reached a stipulation, attached hereto as Attachment D, which defers consideration of Issues 16-18, herein. FIPUG has not waived its positions on Issues 12-15.

Occidental Chemical Corporation (OCC):

The Commission should declare that FPC's fuel costs incurred beginning October 1987 will be adjusted pursuant to the market pricing standard for FPC's affiliate transactions which will be adopted in Docket No. 860001-EI-G. This will ensure that FPC is allowed to recover, and that ratepayers will pay, only just and reasonable fuel costs incurred in transactions with affiliates.

ORDER NO. 20784
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PAGE 11

Profits derived by FPC's fuel procurement affiliate, Electric Fuels Corporation (EFC), from the sale of coal purchased from CARBOCCL should be passed through to FPC ratepayers in the fuel adjustment clause. This coal was contracted for by EFC for the benefit of FPC ratepayers. Had this coal not been sold at a profit, it would have been charged to FPC ratepayers. Profits derived by EFC by putting FPC ratepayers at risk rightfully belong to FPC ratepayers.

The U.S. Department of Energy, Office of Hearings and Appeals (OHA) by order issued November 3, 1988 approved FPC claim for a refund for crude oil overcharges in the amount of \$1,110,629. By the terms of the OHA order, the full amount of the refund, without deduction for any expense, must be distributed to ratepayers. This refund (as well as any future refund amounts that may be approved) plus interest, should be returned to FPC ratepayers through a reduction in FPC's fuel adjustment clause. The refund amount and interest should be returned to ratepayers over a 12 month period to account for the seasonality of electric consumption.

If the conservation cost recovery charge is eliminated for interruptible customers of Tampa Electric Corporation (TECO), then the Commission should eliminate this recovery charge for FPC's interruptible customers at the same time.

Monsanto Company, American Cyanamid Company and Air Products & Chemicals (MC/ACC/APC):

These parties filed no prehearing statement.

Coalition of Local Governments (CLG):

This party filed no prehearing statement.

Federal Executive Agencies (FEA):

This party filed no prehearing statement and did not participate in the Prehearing Conference in this docket.

City of Tampa (Tampa):

This party filed no prehearing statement and did not participate in the Prehearing Conference in this Docket.

Office of Public Counsel (OPC):

This party's prehearing statement contained no statement of basic position.

STATEMENT OF ISSUES AND POSITIONS

Stipulated issues are indicated by an asterisk preceding the issue number.

Generic Fuel Adjustment Issues

1. ISSUE: What are the appropriate final fuel adjustment true-up amounts for the period April, 1988 through September, 1988?

STAFF:

FPC: Agree with utility: \$16,313,706 overrecovery.
FPL: Agree with utility: \$41,135,344 overrecovery.
FPUC: Agree with utility (Marianna): \$145,163 underrecovery.
Agree with utility (Fernandina Beach):
\$154,183 overrecovery.
GULF: Agree with utility: \$1,920,431 overrecovery.
TECO: Agree with utility: \$2,389,789 underrecovery.

FPL: Overrecovery: \$41,135,344.

FPC: Overrecovery: \$16,313,706.

FPUC: Underrecovery \$145,163 (Marianna).
Overrecovery \$154,183 (Fernandina Beach).

GULF: Overrecovery \$1,920,431.

TECO: Underrecovery \$2,389,789.

FIPUG: No position at this time.

OCC: No position at this time.

OPC: FPC: No position at this time.

FPL: Agree with Company.

FPUC: Agree with Company.

GULF: Agree with Company.

TECO: Agree with Company.

2. ISSUE: What are the estimated fuel adjustment true-up amounts for the period October, 1988 through March, 1989?

Staff:

FPC: Agree with utility: \$12,511,954 overrecovery.
FPL: Agree with utility: \$14,452,159 overrecovery.
FPUC: Agree with utility (Marianna): \$564,716 underrecovery.
Agree with utility (Fernandina Beach):
\$617,535 overrecovery.
GULF: Agree with utility: \$3,234,303 overrecovery.
TECO: Agree with utility: \$23,951 overrecovery.

FPL: Overrecovery \$14,452,159.

FPC: Overrecovery \$12,511,954, based upon two months actual and four months revised estimates.

FPUC: Underrecovery \$564,716.
(Marianna)
Overrecovery \$617,535.
(Fernandina Beach)

GULF: Overrecovery \$3,234,303.

TECO: Overrecovery \$23,911.

FIPUG: No position at this time.

OCC: No position at this time.

OPC:

FPC: No position at this time.

FPL: Agree with Company.

FPUC: Agree with Company.

GULF: Agree with Company.

TECO: Agree with Company.

3. ISSUE: What are the total fuel adjustment true-up amounts to be collected during the period April, 1989 through September, 1989?

Staff:

FPC: Agree with utility: \$28,825,660 overrecovery.

FPL: Agree with utility: \$55,587,503 overrecovery.

FPUC: Agree with utility (Marianna): \$709,879 underrecovery.

Agree with utility (Fernandina Beach):

\$811,718 overrecovery.

GULF: Agree with utility: \$5,154,734 overrecovery.

TECO: Agree with utility: \$2,365,838 underrecovery.

FPL: Overrecovery \$55,587,503.

FPC: Overrecovery \$28,825,660.

FPUC: Agree with Staff.

GULF: Overrecovery \$5,154,734.

TECO: Underrecovery \$2,365,838.

FIPUG: No position at this time.

OCC: No position at this time.

OPC: FPC: No position at this time.

FPL: Agree with Company.

FPUC: Agree with Company.

GULF: Agree with Company.

TECO: Agree with Company.

4. ISSUE: What are the appropriate levelized fuel cost recovery factors for the period April through September, 1989?

Staff:

FPC: Agree with utility: 2.066 cents per kwh.

FPL: Agree with utility: 1.778 cents per kwh.

FPUC: Agree with utility (Marianna): 5.405 cents per kwh.
Agree with utility (Fernandina Beach): 4.643 cents per kwh.
GULF: Agree with utility: 2.074 cents per kwh.
TECO: Agree with utility: 2.559 cents per kwh.

FPL: 1.770 cents/KWH is the levelized on-peak charge for non-time differentiated rates and 1.918 cents/KWH-1.710 Cents/KWH are the levelized fuel recovery charges for the on-peak and off-peak periods, respectively, of the differentiated rates.

FPC: 2.066 cents per kwh for standard rate schedules, and 2.681 cents per kwh On-Peak and 1.784 cents per kwh Off-Peak for time of use rate schedules, all before adjustment for line losses.

Rate Schedules DL-1 and SL-1:

Final fuel cost factor is composite of on-peak and off-peak factors with consumption 19.7% on-peak and 80.3% off-peak, and group III line losses: (See Attachment 2-1)

$$(.197 \times 2.681 + .803 \times 1.784) \times 1.0036 = 1.959 \text{ C/KWH}$$

FPUC: 5.405 cents per kwh for the Marianna Division, and 4.643 cents per kwh for the Fernandina Beach Division (before adjustment for line losses).

GULF: 2.074 cents per KWH before application of the factors which adjust for variations in line losses.

TECO: 2.559 cents per KWH before application of the factors which adjust for variations in line losses.

FPL/FC: No position at this time.

OCC: No position at this time.

OPC: FPC: No position at this time.
FPL: Agree with Company.
FPUC: Agree with Company.
GULF: Agree with Company.
TECO: Agree with Company.

- *5. STIPULATED ISSUE: What is the appropriate Revenue Tax Factor for use in determining the adjusted fuel adjustment and oil backout cost recovery charge?

It is anticipated that the utility assessment fee will increase from 1/12 to 1/8 of 1% gross operating revenue effective January 1, 1989. This will increase the revenue tax factor from 1.01609 to 1.01652 for the period April through September, 1989. Since the current factor of 1.01609 will be used January through March, 1989, it would be appropriate to true-up any differences at the August, 1989 hearing.

- *6. STIPULATED ISSUE: What should be the effective date of the new fuel adjustment charge, oil peackout charge and conservation cost recovery charge for billing purposes?

The factors should be effective beginning with the specified fuel cycle and thereafter for the period April, 1989 through September, 1989. Billing cycles may start before April 1, 1989 and the last cycle may be read after September 30, 1989, so that each customer is billed for six months regardless of when the adjustment factor became effective.

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

FPC: See Attachment B-1 for the appropriate levelized and time of use fuel cost recovery factors after line loss adjustment for each delivery level group, as approved by the Commission for FPC.

FPL: See Attachment B-2, Column 5.

FPUC:

Marianna:

<u>Rate Class</u>	<u>Rate Schedule</u>	<u>Multiplier</u>	<u>Levelized Adjustment</u>
Residential	RST,RS,OL	1.0126	5.473
Commercial	GS,GSD	0.9963	5.161
Other	SL-1,SL-2	0.9681	5.341

For Fernandina Beach, the fuel cost recovery factor for all classes other than GSLD, after adjustment for line losses, is 4.643 cents per kwh. For GSLD, the demand purchased power factor adjusted for taxes is \$3.35/CP kWh; the non-demand factor is 4.494 cents/kwh.

GULF: See Attachment B-3.

TECO: See Attachment B-4.

Company-Specific Fuel Adjustment Issues

- *8. ISSUE TO BE DEFERRED: Should Gulf Power be required to dispatch its system on the incremental price of fuel, as defined in Order No. 19548? (Staff)

STAFF: Yes, however, this issue should be deferred to the August, 1989 Fuel Recovery Hearings.

GULF: No. This issue should be deferred.

OPC: No position at this time.

- *9. STIPULATED ISSUE: Should the Commission approve the methodologies for calculating as-available energy payments to cogenerators as revised by FPC, FPL, and TECO to reflect the findings contained in Order No. 1988?

Yes. The revised methodologies accurately reflect the decision contained in Order No. 1988.

Generic Generating Performance Incentive Factors Issues

- *10. STIPULATED ISSUE: What is the appropriate DFIF reward or penalty for performance achieved during the period April, 1988 through September 30, 1988?

FPL: \$1,645,996 Reward.

FPC: \$1,201,040 Reward.

GULF: \$78,007 Reward.

TECO: \$316,484 Reward.

- *11. STIPULATED ISSUE: What should the DFIF targets/ranges be for the period April, 1989 through September, 1989?

The appropriate targets and ranges are shown on Attachment C hereto.

Oil Backout Issues

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

Staff:

FPL: Agree with utility: \$9,609,133 overrecovery.
TECO: Agree with utility: \$646,418 overrecovery.

FPL: Overrecovery \$9,609,133.

TECO: \$646,418 overrecovery

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 because such "deferral" and hence any savings are nonexistent.

OCC: No position at this time.

OPC: FPL: No position at this time.
TECO: Agree with Company.

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

Staff:

FPL: Agree with utility: \$22,353,242 overrecovery.
TECO: Agree with utility: \$86,361 underrecovery.

FPL: Overrecovery \$22,353,242.

TECO: \$86,361 underrecovery.

FIPMG: The amount suggested by FPL must include adjustment to reflect a refund for those units which FPL has attributed to the "deferral savings" on the two 700 MW coal-fired Martin units because such "deferral" and hence any savings are nonexistent.

OCC: No position at this time.

OPC: FPL: No position at this time.
TECO: Agree with Company.

STAFF: Agrees with proposals.

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

Staff:

FPL: Agree with utility: \$31,962,375 overrecovery.
TECO: Agree with utility: \$560,057 overrecovery.

FPL: Overrecovery \$31,962,375.

TECO: Overrecovery \$560,057.

FIPMG: 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 because such "deferral" and hence any savings are nonexistent.

OPC: FPL: No position at this time.
TECO: Agree with Company.

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

Staff:

FPL: Agree with utility: 0.780 cents per kwh.
TECO: Agree with utility: 0.126 cents per kwh.

FPL: .780 cents/KWH.

TECO: 0.126 cents per KWH.

FIPMG: 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, 1985 through September 30, 1989.

OCC: No position at this time.

OPC: TECO: Agree with Company
FPL: No position at this time.

Company Specific Oil Backout Issues

- *16. ISSUE TO BE DEFERRED: Should FPL be allowed to roll back and apply as accelerated depreciation the "net savings" claimed in its petition and exhibits? (FIPUG)

STAFF: This issue should be decided in connection with FIPUG's petition in Docket No. 890148-EI.

FIPUG: No. FIPUG has not waived its position on this issue, but shall assert the following position pursuant to its Stipulation with FPL attached hereto as Attachment D. 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 for years. As the plants are fictional, the savings are nonexistent. (Pollock)

OPC: No position at this time.

- *17. ISSUE TO BE DEFERRED: Should FPL be allowed to retain "net savings" attributable to the deferral of the now defunct 700 MW Martin coal units which were collected in prior periods? (FIPUG)

STAFF: This issue should be decided in connection with FIPUG's petition in Docket No. 890148-EI.

FIPUG: No. FIPUG has not waived its position on this issue, but shall assert the following position pursuant to its Stipulation with FPL attached hereto as Attachment D. 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 10-year Site Plan since 1983. 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. (Pollock)

OPC: No position at this time.

- *18. ISSUE TO BE DEFERRED: 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)

STAFF: This issue should be decided in connection with FIPUG's petition in Docket No. 890148-EI.

FIPUG: No. FIPUG has not waived its position on this issue, but shall assert the following position pursuant to its Stipulation with FPL attached hereto as Attachment D. The project has not accomplished its primary 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. (Pollock)

OPC: No position at this time.

- *19. ISSUE TO BE DEFERRED UNTIL NEXT 6-MONTH REPORTING PERIOD:

Are profits from the sale of coal under the CARBOCOL contract entered into for and committed to FPC properly retained by EFC for its shareholders? (OCC)

STAFF: No position at this time.

FPC: This issue is inappropriate for these proceedings and should be deleted. The method by which FPC's affiliated fuel supplier, EFC, conducts and accounts for "replacement coal" transactions, including the replacement of CarboCOL coal, is the subject of pending proceedings in Phase II of Docket No. 860001-EI-G.

OPC: No position at this time.

OCCIDENTAL: No. EFC entered into a contract with CARBOCOL, a Colombian coal company, to obtain coal for the use and benefit of Florida Power Corporation. The EFC-CARBOCOL contract, signed June 18, 1984, provides for coal deliveries from January 1, 1985 through June 30, 1989. The contract commits EFC to purchase a minimum 400,000 - 440,000 tons per year principally for use in FPC's Crystal River plant. (EFC-CARBOCOL contract Sec. 2.02).

Documents reviewed to date by Occidental indicate that since late 1987 EFC and CARBOCOL have agreed to allow EFC to sell volumes up to the entire remaining contract tonnage to buyers other than FPC. A December 19, 1988 article in Coal Week indicates that EFC sold around 450,000 tons of CARBOCOL coal to SSM North America in 1988 at a profit. Approximately 400,000 tons of domestic coal were purchased by EFC for use by FPC to replace the CARBOCOL coal sold to SSM.

If this coal could not be sold to third parties at a profit, EFC would undoubtedly contend that ratepayers of FPC are committed to pay for coal prudently acquired by EFC for FPC's benefit under the take or pay provisions of this contract. If EFC obtains coal for Florida Power's ratepayers and then profits by selling such coal to third parties, EFC ratepayers, not EFC shareholders, should benefit from the profits reaped through that transaction. The benefits of the transaction should go to ratepayers because it is they who were at risk when EFC entered into a long-term contract with CARBOCOL and the coal could not profitably be sold to third parties. EFC would expect FPC to purchase the coal at the contract rate even if cheaper coal was available.

- *20. STIPULATED ISSUE: Must FPC refund to ratepayers, with interest, the full amount of any refunds for crude oil overcharges obtained by FPC? (OCC)

This issue was raised by Occidental Chemical Corporation. At the prehearing, OCC and FPC announced that the issue would be stipulated, and that the text of such stipulation would be supplied to Commission Staff. Thereafter, the following was supplied by FPC:

Pursuant to ongoing proceedings before the U.S. Department of Energy, Florida Power Corporation (FPC) has received and anticipates further receipt of funds, including a refund amount of \$1,110,629 approved in Case Nos. EF 272-204, et al., Florida Power Corporation (Order dated November 3, 1988). These refunds are intended to compensate ratepayers for overcharges incurred by utilities during the period of federal oil controls, which were passed on to their ratepayers in the cost of fuel. FPC stipulates that the full amount of any such refund received by FPC, plus interest calculated from the time of receipt, will be returned to its ratepayers through a credit to its fuel costs recovered in this proceeding. FPC does not object to returning the refund amount and interest over a 12-month period, as suggested by Occidental to account for the seasonality of electric consumption, provided such period is found to be appropriate by the Commission.

21. ISSUE: Under the cost-plus arrangement between Electric Fuels Corporation and Florida Power Corporation, are the costs included as EFC overhead in "cost" and the investment base to which EFC's return on equity is applied in the "plus" component reasonable and properly included in the cost of coal charged to FPC's customers? (OPC)

STAFF: This issue should be deferred until August, 1989.

FPC: This issue has not been properly raised for consideration at the upcoming hearings, nor is it appropriate for these proceedings in view of the extensive consideration being given to the costs and investment base of FPC's affiliated fuel supplier, EFC, in the current

"cost-plus" proceedings of Docket No. 860001-EI-G. It is incumbent on a party seeking to raise an issue such as this to establish a minimal, i.e., prima facie, case providing at least some factual basis which calls into question the reasonableness of the subject costs. The prehearing procedures regularly followed in these proceedings are designed to give parties the opportunity to establish such a prima facie case through various forms of discovery and prefiled direct and rebuttal testimony. None of these procedures have been utilized with respect to this issue. As a result, FPC has not been given sufficient notice to determine which, but in literally hundreds of specific cost or investment components, it might be expected to support and justify. Nor has FPC had the opportunity to provide such a justification, even if it knew what needed to be addressed. Moreover, the proper proceeding in which to raise this issue is the "cost-plus" docket, where voluminous discovery has been made and testimony presented on a wide variety of EFC's costs and investments related to its FPC coal supply business. This issue should be deleted from these proceedings.

OCC: No position at this time.

OPC: The specific components of EFC's overhead included as a part of the cost of coal to FPC are not identified in the contracts between EFC and FPC and have not been specifically approved by the Public Service Commission. All these costs must be identified by FPC with specificity and established as prudent before FPC can be allowed recovery for them. Additionally, the investment base to which EFC applies its return on equity must be shown by FPC to be prudent and supporting assets actually used to provide service to FPC. Absent such a showing, FPC cannot demonstrate that its costs of coal are reasonable.

STIPULATED ISSUES

The parties hereto have stipulated to Issues No. 5, 6, 7, 9, 10, 11, and 20, which are indicated within the body of this order.

The parties have further stipulated that Issues No. 8 and 19 shall be deferred, and shall be addressed in future proceedings.

FIPUG raised Issues 16-18 (previously numbered as Issues 15-17) regarding FPL. FPL objected to the inclusion of such issues in this docket on the grounds that they should be included in Docket No. 890148-EI, and on the grounds that the inclusion of such issues constitutes an attempt to revise Commission rules. FIPUG and FPL have reached a written stipulation, attached hereto as Attachment D, in which they agree that such issues (referred to therein as Issues 15-17) shall be deferred and shall not be considered at the February 1989 hearing in this docket.

MOTIONS


FIPUG has filed a separate Petition in Docket No. 890148-EI asking the Commission to discontinue FPL's oil backout charge and to refund all "net savings" attributable to the claimed deferral of Martin 700 MW coal units. FIPUG has also filed a Motion to Consolidate Dockets to Hold Certain Issues in Docket 890001-EI in Abeyance. It asks that the Commission either (1) consolidate its petition with this docket for purposes of hearing and resolution of issue (in which case a continuation of the portion of the hearing scheduled for February 22 related to FPL's oil backout charge will likely be necessary) or (2) hold all matters relating to the oil backout charge in abeyance and subject to subsequent disposition pending the outcome of proceedings on the separate Petition.

Subsequent to the filing of its Motion, FIPUG entered into a Stipulation with FPL, attached hereto as Attachment D, by which the parties agree to defer consideration of the issues proposed by FIPUG in this docket.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

By ORDER of Commissioner John T. Herndon, as Prehearing Officer, this 21st day of FEBRUARY, 1989.



John T. Herndon, Commissioner
and Prehearing Officer

(S E A L)

MER

ISSUES 3797

FILE ADJUSTED - CHECK BY GROUP (I)
FROM AND RECHECK TIME (Y)
APR 1990 - SEP 1990 FOR AND OTHERS 1990 - OTHER 1991
BY DE COURTESY OF THE RECORDS DIVISION - SEPTEMBER 1990

GROUP 1 AND OTHERS 1990

GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990	GROUP 1 AND OTHERS 1990
1990-1991	1990-1991	1990-1991	1990-1991	1990-1991	1990-1991	1990-1991	1990-1991	1990-1991	1990-1991	1990-1991
50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000
50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000
50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000	50,200,000

GROUP 2 AND OTHERS 1990

GROUP 3 AND OTHERS 1990

GROUP 4 AND OTHERS 1990

GROUP 5 AND OTHERS 1990

GROUP 6 AND OTHERS 1990

GROUP 7 AND OTHERS 1990

GROUP 8 AND OTHERS 1990

GROUP 9 AND OTHERS 1990

GROUP 10 AND OTHERS 1990

GROUP 11 AND OTHERS 1990

SEE DEFENSE
DEPARTMENT (1)

(1) MONTHLY REPORT

	FOR THE PERIOD ENDING SEPTEMBER 1993					FOR THE PERIOD ENDING OCTOBER 1993					FOR THE PERIOD ENDING NOVEMBER 1993				
	Estimated	Actual	Difference	Projected	Unobligated	Estimated	Actual	Difference	Projected	Unobligated	Estimated	Actual	Difference	Projected	Unobligated
1 Available for sale	2,122,000	2,100,000	22,000	2,100,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000
2 Available Revenue Available to the Bond	572,000	572,000	0	572,000	572,000	572,000	0	572,000	572,000	572,000	572,000	0	572,000	572,000	
3 Available Interest on Bonds (1)	1,550,000	1,528,000	22,000	1,528,000	1,550,000	1,528,000	22,000	1,528,000	1,550,000	1,550,000	1,528,000	22,000	1,528,000	1,528,000	
4 Interest Premium for this Period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5 Total of Period Available for Sale	572,000	572,000	0	572,000	572,000	572,000	0	572,000	572,000	572,000	572,000	0	572,000	572,000	
6 Total of Period Available for Sale	2,122,000	2,100,000	22,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000	

SEE DEFENSE
DEPARTMENT (1)

(1) MONTHLY REPORT

	FOR THE PERIOD ENDING SEPTEMBER 1993					FOR THE PERIOD ENDING OCTOBER 1993					FOR THE PERIOD ENDING NOVEMBER 1993				
	Estimated	Actual	Difference	Projected	Unobligated	Estimated	Actual	Difference	Projected	Unobligated	Estimated	Actual	Difference	Projected	Unobligated
1 Available for sale	2,122,000	2,100,000	22,000	2,100,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000
2 Available Revenue Available to the Bond	572,000	572,000	0	572,000	572,000	572,000	0	572,000	572,000	572,000	572,000	0	572,000	572,000	
3 Available Interest on Bonds (1)	1,550,000	1,528,000	22,000	1,528,000	1,550,000	1,528,000	22,000	1,528,000	1,550,000	1,550,000	1,528,000	22,000	1,528,000	1,528,000	
4 Interest Premium for this Period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5 Total of Period Available for Sale	572,000	572,000	0	572,000	572,000	572,000	0	572,000	572,000	572,000	572,000	0	572,000	572,000	
6 Total of Period Available for Sale	2,122,000	2,100,000	22,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000	2,122,000	2,100,000	22,000	2,100,000	2,100,000	

ATTACHMENT B
DIVISION OF ELECTRIC AND GAS
DATE: 2-25-99
PAGE 1: COMPANY POSITION

TOTAL FUEL COST FOR THE PERIOD: April 1999-September 1999

COMPONENT	APRIL 1999-SEPTEMBER 1999			OCTOBER 1999-MARCH 1999			DIFFERENCE		
	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh
Gas	1.720	1.918	1,720	1.727	1.933	1,629	.005	-.015	.091
Oil	2.064	2.401	2,064	2.049	2.409	2,049	.015	-.047	.032
Coal	2.539	2.791	2,539	2.603	2.815	2,515	-.064	-.084	-.093
Hydro	2.004	2.199	2,004	2.300	2.485	2,381	-.296	-.286	-.377
Public	3.426	.000	.000	4.443	.000	.000	-1.017	.000	.000
Transmission	4.641	.000	.000	4.799	.000	.000	-.158	.000	.000

COST FOR 1999 GAS RESIDENTIAL SERVICE

REQUEST: October 1999-March 1999

COMPONENT	OCTOBER 1999-MARCH 1999			APRIL 1999-SEPTEMBER 1999			DIFFERENCE		
	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh
Gas	1.720	1.918	1,720	1.727	1.933	1,629	.005	-.015	.091
Oil	2.064	2.401	2,064	2.049	2.409	2,049	.015	-.047	.032
Coal	2.539	2.791	2,539	2.603	2.815	2,515	-.064	-.084	-.093
Hydro	2.004	2.199	2,004	2.300	2.485	2,381	-.296	-.286	-.377
Public	3.426	.000	.000	4.443	.000	.000	-1.017	.000	.000
Transmission	4.641	.000	.000	4.799	.000	.000	-.158	.000	.000

REQUEST: April 1999-September 1999

COMPONENT	APRIL 1999-SEPTEMBER 1999			OCTOBER 1999-MARCH 1999			DIFFERENCE		
	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh	Levelized Cost/Peak	Levelized Cost/Wh	Total Fuel Cost \$/MWh
Gas	1.720	1.918	1,720	1.727	1.933	1,629	.005	-.015	.091
Oil	2.064	2.401	2,064	2.049	2.409	2,049	.015	-.047	.032
Coal	2.539	2.791	2,539	2.603	2.815	2,515	-.064	-.084	-.093
Hydro	2.004	2.199	2,004	2.300	2.485	2,381	-.296	-.286	-.377
Public	3.426	.000	.000	4.443	.000	.000	-1.017	.000	.000
Transmission	4.641	.000	.000	4.799	.000	.000	-.158	.000	.000

(1) Adjusted for line loss(2) Winter - October - Dry Summer - June - September (3) Difference between winter and summer to increase in base rate (4) All classes except G39. (5) Effective date of base rate increase to January 1, 1999.

DIVISION OF ELECTRIC AND GAS
DATE: 2-15-89
PAGE NO: SIXTY POSITION

TOTAL FUEL COST FOR THE PERIOD: April 1989-September 1989

Company	APRIL 1989		OCTOBER 1989		MAY 1989		SEPTEMBER 1989		DIFFERENCE	TOTAL FUEL COST COSTS PER CUM	Levelized	Gulf Power Off-Peak	Gulf Power Off-Peak	LINE LOSS	MARKETING
	Levelized	Off-Peak	Levelized	Off-Peak	Levelized	Off-Peak	Levelized	Off-Peak							
Fls. Power & Light	1.728	1.910	1.722	1.911	1.670	1.870	1.670	1.870	0.058	0.058	0.058	0.058	0.058	1.00134	1.00134
Fls. Power Corp.	2.064	2.081	2.064	2.081	2.087	2.087	2.087	2.087	-0.023	-0.023	-0.023	-0.023	-0.023	1.00134	1.00134
Temp Electric	2.519	2.791	2.448	2.675	2.513	2.784	2.513	2.784	-0.065	-0.065	-0.065	-0.065	-0.065	1.00134	1.00134
Gulf Public	2.074	2.190	2.019	2.134	2.161	2.276	2.161	2.276	-0.107	-0.107	-0.107	-0.107	-0.107	1.00134	1.00134
Fls. Public	3.405	3.000	3.405	3.000	3.000	3.000	3.000	3.000	0.000	0.000	0.000	0.000	0.000	1.00134	1.00134
Marlmanne (41)	4.053	4.000	4.053	4.000	4.000	4.000	4.000	4.000	-0.053	-0.053	-0.053	-0.053	-0.053	1.00000	1.00000

* Source: Attachment B, pages 5-8, line 34

COST FOR 1989 AND HISTORICAL SERVICE

PERIOD: October 1988-March 1989

Base	Fls. Power & Light		Temp Electric		Gulf Power (27)		Fls. Public	
	Electric	Marlmanne	Electric	Marlmanne	Winter	Summer	Marlmanne	Permanence
Base	48.00	41.30	32.12	32.12	37.73	43.43	32.76	32.76
Fuel (1)	17.34	20.35	20.42	20.42	21.70	24.10	47.04	47.04
Oil Backout	0.00	0.00	1.49	1.49	0.00	0.00	0.00	0.00
Energy Conservation	-0.40	1.00	1.94	1.94	0.75	0.75	0.20	0.20
Total	20.90	65.74	61.97	61.97	62.17	67.05	60.00	60.00

PERIOD: April 1989-September 1989

Base	Fls. Power & Light		Temp Electric		Gulf Power (27)		Fls. Public	
	Electric	Marlmanne	Electric	Marlmanne	Winter	Summer	Marlmanne	Permanence
Base	48.00	44.31(1)	32.12	32.12	37.73	43.43	32.76	32.76
Fuel (1)	17.30	20.73	21.97	21.97	20.90	20.90	34.73	34.73
Oil Backout	0.00	0.00	1.20	1.20	0.00	0.00	0.00	0.00
Energy Conservation	-0.39	1.33	1.90	1.90	0.40	0.40	0.20	0.20
Total	20.01	66.39	60.31	60.31	59.12	64.00	67.77	67.77

DIFFERENCE

Base	Fls. Power & Light		Temp Electric		Gulf Power (27)		Fls. Public	
	Electric	Marlmanne	Electric	Marlmanne	Winter	Summer	Marlmanne	Permanence
Base	0.00	1.01	0.00	0.00	0.00	1.00	0.00	0.00
Fuel (1)	-0.26	0.00	-0.45	-0.45	-1.70	-1.70	7.00	-1.36
Oil Backout	-1.00	0.00	-0.75	-0.75	0.00	0.00	0.00	0.00
Energy Conservation	-0.00	-0.30	-0.50	-0.50	-0.15	-0.15	-0.00	-0.00
Total	-0.00	0.00	-1.70	-1.70	-1.05	-1.05(1)	7.70	-1.36

(1) Adjusted for line loss(2) Winter - October - May Summer - June - September (3) Difference between winter and summer is increase in base rate.
(4) Oil Backout except G&E. (5) Effective date of base rate increase to January 1, 1989.

DIVISION OF ELECTRIC AND GAS
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PAGE 2: COMPANY POSITION

FUEL ADJUSTMENT CENTS PER KWH BASED ON LINE LOSSES BY DATE GROUP
FOR THE PERIOD: April 1989 September 1989

COMPANY	GROUP	DATE SCHEMATES	WITHOUT LINE LOSS MULTIPLIER		LINE LOSS MULTIPLIER		WITH LINE LOSS MULTIPLIER		DIFFERENCE
			Levelled	Diff/Peak	Levelled	Diff/Peak	Levelled	Diff/Peak	
FPL	A	89-1,05-1,01-2	1.770	1.910	1.00156	1.700	1.921	1.712	
	A-1	81-1,05-1	1.743	.000	1.00156	1.765	.000	.000	
	B	89-1	1.770	1.910	1.00151	1.700	1.921	1.712	
	C	89-1,05-1	1.770	1.910	1.00274	1.770	1.910	1.710	
	D	89-1,05-2,05-2,05-1	1.770	1.910	1.00151	1.700	1.921	1.712	
	E	89-1,05-3	1.770	1.910	1.00151	1.700	1.921	1.712	
	F	89-1,05-1	1.770	1.910	1.00005	1.721	1.914	1.700	
FPC	A	Distribution Secondary Bellway	2.045	2.481	1.00340	2.073	2.491	1.720	
	A-1	81-1,05-1	1.972	.000	1.00340	1.970	.000	.000	
	B	Distribution Primary Bellway	2.045	2.481	1.00340	2.044	2.455	1.712	
	C	Transmission Bellway	2.045	2.481	1.00340	2.044	2.455	1.712	
IECO	A	85,05,15	2.550	2.791	1.01170	2.587	2.812	2.454	
	A-1	81-1,2,3,05-1,2	2.490	.000	1.01170	2.536	.000	.000	
	B	89-0510	2.550	2.791	1.01170	2.553	2.781	2.442	
	C	89-1,15-3	2.550	2.791	1.00000	2.470	2.701	2.371	
OGE	A	89,05,089,08-3	2.074	2.100	1.01220	2.000	2.217	2.044	
	B	LP	2.074	2.100	1.01220	2.035	2.149	1.901	
	C	89-1,05-2	2.074	2.100	1.01220	2.000	2.107	1.943	
	D	89-1,05-2	2.074	2.100	1.01220	2.000	2.099	1.880	
Fernandina	A	89,05,05,050,10,10			(1)	6.461	.000	.000	
	B	0510			(1)	6.467	.000	.000	
						93.35400	1.0		
Marlona	A	85,05	5.426	.000	1.01200	5.404	.000	.000	
	B	05,050	5.426	.000	1.01200	5.405	.000	.000	
	C	81-1,15-2	5.426	.000	1.00310	5.361	.000	.000	

(1) Group line losses reflected on schedule 01

DIVISION OF ELECTRIC AND GAS
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 PAGE 28: Staff Position

FUEL ADJUSTMENT (1981 PER YEAR BASED ON LINE LOSSES BY DATE GROUP)
 FOR THE PERIOD: April 1989 September 1989

Company	GROUP	DATE DESCRIPTION	MINIMUM LINE LOSS MULTIPLIER Level/ft ²	Line LOSS MWh/1000 ft ²	WITH LINE LOSS MULTIPLIER Level/ft ²	Line LOSS MWh/1000 ft ²
FPL	A	01-1,00-1,01-2	1.770	1.910	1.700	1.712
	A-1	01-1,01-1	1.745	.000	1.745	.000
	B	030-1	1.770	1.910	1.700	1.712
	C	010-1,03-1	1.770	1.910	1.700	1.710
	D	010-2,03-2,05-2,011	1.770	1.910	1.700	1.915
	E	010-3,03-3	1.770	1.910	1.700	1.905
	F	11-1,153-1	1.770	1.910	1.721	1.814
EPC	A	Distribution Secondary Delivery	2.045	2.681	2.071	2.691
	A-1	01-1,01-1	1.952	.000	1.952	.000
	C	Distribution Primary Delivery	2.045	2.681	2.044	2.681
TECO	A	05,05,15	2.559	2.791	2.597	2.832
	A-1	01-1,2,3,01-1,2	2.409	.000	2.536	.000
	C	010,010	2.559	2.791	2.553	2.784
GUP	A	01,03,030,00-3	2.024	2.190	2.009	2.217
	B	LP	2.024	2.190	2.035	2.149
	D	00-1,00-2	2.034	.000	1.996	2.107
Fernandino	A	03,01,05,010,01,00	(1)	(1)	4.463	.000
	B	010	(1)	(1)	4.464	.000
Marlano	A	05,01	3.405	.000	3.471	.000
	B	05,010	3.405	.000	3.385	.000
	C	01-1,01-2	3.405	.000	3.341	.000

(1) Group line losses reflected on schedule (1)

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION
 ESTIMATED FOR THE PERIOD OF : April 1989-September 1989

DIVISION OF ELECTRIC AND GAS
 DATE: 2-15-89
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CLASSIFICATION	FLORIDA POWER & LIGHT COMPANY		
	Classification Associated \$	Classification Associated kWh	Classification Associated cents/kwh
1. Fuel Cost of System Net Generation (E3)	480,312,811	31,247,616,000	1.5712
2 Spent MUC Fuel Disposal Cost (E2)	10,062,019	10,061,652,000 (a)	.0000
3 Coal Car Investment	296,681	0	.00000
4 Adjustments to Fuel Cost	0	0	.00000
5. TOTAL COST OF GENERATED POWER	490,671,511	31,247,616,000	1.57027
6. Fuel Cost of Purchased Power - Firm (E8)	131,956,600	6,455,200,000	2.04419
7. Energy Cost of Sch. C, X Economy Purchases (Broker) (E9)	18,016,400	1,114,500,000	1.61655
8. Energy Cost of Economy Purchases (Non-Broker) (E9)	0	0	.00000
9. Energy Cost of Sch. E Purchases (E9)	0	0	.00000
10 Capacity Cost of Sch. E Economy Purchases (E2)	0	0	.00000
11. Payments to Qualifying Facilities (EBA)	20,596,000	616,600,000	3.34025
12. TOTAL COST OF PURCHASED POWER	170,569,000	8,186,300,000	2.08359
13. TOTAL AVAILABLE kWh		39,433,916,000	
14. Fuel Cost of Economy Sales (E7)	(7,915,600)	(333,100,000)	2.37634
15. Gain on Economy Sales - B03 (E7A)	(1,773,040)	(333,100,000)(a)	.53228
16. Fuel Cost of Unit Power Sales (SL2 Partpts) (E7)	(1,630,800)	(250,200,000)	.65180
17. Fuel Cost of Other Power Sales (E7)	(4,437,800)	(195,800,000)	2.26650
18. TOTAL FUEL COST AND GAINS OF POWER SALES	(15,757,240)	(779,100,000)	2.02249
19. Net Inadvertent Interchange (E4)	0	0	0
20. TOTAL FUEL AND NET POWER TRANSACTIONS	645,483,271	38,654,816,000	1.66987
21. Net Unbilled (E4)	(31,126,469)(a)	(1,864,011,000)	-.09210
22. Company Use (E4)	1,936,442 (a)	115,964,000	.00573
23. T & B Losses (E4)	48,088,507 (a)	2,879,784,000	.14229
24. Adjusted System kWh Sales	645,483,271	33,795,057,000	1.90999
25. Wholesale kWh Sales	8,594,997	450,003,000	1.90999
26. Jurisdictional kWh Sales	636,888,274	33,345,054,000	1.90999
27. Jurisdictional kWh Sales Adjusted for Line Loss - 1.00051	637,213,087	33,345,054,000	1.91097
28. True-up * (derived in Attachment C)	(57,587,503)	33,345,054,000	-.16670
29. Total Jurisdictional Fuel Cost	581,625,584	33,345,054,000	1.74426
30. Revenue Tax Factor			1.01652
31. Fuel Cost Adjusted for Taxes			1.77308
32. GPif*	1,645,996	33,345,054,000	.00494
33. Total fuel cost including GPif	583,271,580	33,345,054,000	1.77801
34. Total Fuel Cost Factor Rounded to the nearest .001 cents per kWh (used in attachment B, pages 1 and 2 of 9)			1.778

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 4/1/89-9/30/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION DIVISION OF ELECTRIC AND GAS
 ESTIMATED FOR THE PERIOD OF : April 1989-September 1989 DATE: 2-15-89
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CLASSIFICATION	FLORIDA POWER CORPORATION		
	Classification Associated \$	Classification Associated kWh	Classification Associated cents/kwh
1. Fuel Cost of System Net Generation (E3)	289,762,638	14,596,499,000	1.9515
2. Spent WUC Fuel Disposal Cost (E3A)	1,883,372	1,883,372,000 (a)	1.0000
3. Coal Car Investment	0	0	.0000
4. Adjustments to Fuel Cost	0	0	.00000
5. TOTAL COST OF GENERATED POWER	291,646,010	14,596,499,000	1.99805
6. Fuel Cost of Purchased Power - Firm (E8)	182,330	2,105,000	4.86128
7. Energy Cost of Sch.C,X Economy Purchases (Broker) (E9)	10,487,700	315,000,000	3.32943
8. Energy Cost of Economy Purchases (Non-Broker) (E9)	2,775,860	138,000,000	2.01149
9. Energy Cost of Sch.E Purchases (E9)	0	0	.00000
10. Capacity Cost of Sch.E Economy Purchases (E9B)	0	0	.00000
11. Payments to Qualifying Facilities (E8A)	8,775,678	301,800,000	2.90778
12. TOTAL COST OF PURCHASED POWER	22,141,568	756,905,000	2.92528
13. TOTAL AVAILABLE KWH		15,353,404,000	
14. Fuel Cost of Economy Sales (E7)	(9,075,000)	(950,000,000)	1.65000
14a. Gain on Economy Sales -B0X (E7A)	(1,716,000)	(550,000,000)(a)	.31200
15. Fuel Cost of Other Power Sales (E7)	(3,034,390)	(140,800,000)	2.15511
15a. Gain on Other Power Sales (E8)	(960,386)	(140,800,000)(a)	.39980
16. Fuel Cost of Seminole Backup Sales (E7)	(56,990)	(2,020,000)	2.82129
16. (a) Gain on Seminole Back-up Sales (E7B)	(1,678,341)	(2,020,000)(a)	83.08619
17. Fuel Cost of Seminole Supplemental Sales (E7)	(661,395)	(12,847,000)	5.14824
18. TOTAL FUEL COST AND GAINS OF POWER SALES	(16,782,502)	(705,667,000)	2.37825
19. Net Inadvertent Interchange (E4)	0	0	
20. TOTAL FUEL AND NET POWER TRANSACTIONS	297,005,076	14,647,737,000	2.02765
21. Net Unbilled (E4)	5,204,579 (a)	(256,674,000)	.03940
22. Company Use (E4)	1,970,924 (a)	(97,200,000)	.01492
23.1 & D Losses (E4)	22,007,703 (a)	(1,085,353,000)	.16662
24. Adjusted System kWh Sales	297,005,076	13,208,510,000	2.24859
25. Wholesale kWh Sales (Excluding Seminole Supplemental) (16,009,696)	(714,116,000)	2.24889
26. Jurisdictional kWh Sales	280,945,380	12,494,394,000	2.24857
27. Jurisdictional kWh Sales Adjusted for Line Loss - 1.0021	281,535,165	12,494,394,000	2.25329
28. True-up * (derived in Attachment C)	(28,825,660)	12,494,394,000	-.23071
28a. Coal Inventory Adjustment	0	0	.00000
29. Total Jurisdictional Fuel Cost	252,709,705	12,494,394,000	2.02258
30. Revenue Tax Factor			1.01652
31. Fuel Cost Adjusted for Taxes			2.05600
32. GPIF*	1,201,040	12,494,394,000	.00961
33. Total fuel cost including GPIF	253,910,745	12,494,394,000	2.06561
34. Total Fuel Cost Factor Rounded to the nearest .001 cents per kWh (used in Attachment B, pages 1 and 2 of 9)			2.066

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 3/30/89-9/26/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION
 ESTIMATED FOR THE PERIOD OF: April 1989-September 1989

DIVISION OF ELECTRIC AND GAS
 DATE: 2-15-89
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CLASSIFICATION	TAMPA ELECTRIC COMPANY		
	Classification Associated \$	Classification Associated KWH	Classification Associated ¢/KWH
1. Fuel Cost of System Net Generation (E3)	171,661,577	8,315,656,000	2.0632
2. Spent WUC Fuel Disposal Cost (E3A)	0	0	.00000
3. Coal Car Investment	0	0	.00000
4. Adjustments to Fuel Cost	0	0	.00000
5. TOTAL COST OF GENERATED POWER	171,661,577	8,315,656,000	2.06432
6. Fuel Cost of Purchased Power - Firm (E6)	4,580,180	145,880,000	3.13964
7. Energy Cost of Sch. C, X Economy Purchases (Broker) (E9)	293,600	9,451,000	3.10655
8. Energy Cost of Economy Purchases (Non-Broker) (E9)	0	0	.00000
9. Energy Cost of Sch. E Purchases (E9)	0	0	.00000
10. Capacity Cost of Sch. E Economy Purchases	0	0	.00000
11. Payments to Qualifying Facilities (E6A)	4,861,100	197,787,000	2.45774
12. TOTAL COST OF PURCHASED POWER	9,734,880	353,118,000	2.75681
13. TOTAL AVAILABLE KWH		8,668,774,000	
14. Fuel Cost of Economy Sales (E7)	11,408,800	736,402,000	1.54926
15. Gain on Economy Sales - BOE (E7A)	1,548,720	736,402,000 (a)	.20922
16. Fuel Cost of Unit Power Sales (E7)	0	0	.00000
17. Fuel Cost of Other Power Sales (E7)	12,415,800	821,735,000	1.51093
18. TOTAL FUEL COST AND GAINS OF POWER SALES	25,365,320	1,558,137,000	1.62793
19a. Net inadvertent interchange (E4)	0		
19b. Interchange and Wheeling Losses		28,560,000	
20. TOTAL FUEL AND NET POWER TRANSACTIONS	156,031,057	7,882,077,000	2.20318
21. Net Unbilled (E4)	0	0	.00000
22. Company Use (E4)	403,182 (a)	18,300,000	.00610
23. T & D Losses (E4)	9,934,337 (a)	450,909,000	.15023
24. Adjusted System KWH Sales	156,031,057	6,612,868,000	2.33951
25. Wholesale KWH Sales	0	0	.00000
26. Jurisdictional KWH Sales	156,031,057	6,612,868,000	2.33951
27. Jurisdictional KWH Sales Adjusted for Line Loss - 0	156,031,057	6,612,868,000	2.33951
28. True-up * (derived in Attachment C)	2,365,838	6,612,868,000	.03578
29. Pyramid Coal Contract Buyout Adjustment	7,765,868	6,612,868,000	.11744
30. Total Jurisdictional Fuel Cost	166,162,763	6,612,868,000	2.51272
31. Revenue Tax Factor			1.01652
32. Fuel Cost Adjusted for Taxes			2.55423
33. GPIF *	316,484	6,612,868,000	.00479
34. Total Fuel Cost including GPIF			2.55901
35. Total Fuel Cost Factor Rounded to the Nearest .001 cents per KWH (used in Attachment B, pages 1 and 2 of 9)			2.559

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 4/1/89-9/30/89

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION
 ESTIMATED FOR THE PERIOD OF: April 1989-September 1989

DIVISION OF ELECTRIC AND GAS
 DATE: 2-15-89
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CLASSIFICATION	GULF POWER COMPANY		
	Classification Associated \$	Classification Associated KWh	Classification Associated cents/KWh
1. Fuel Cost of System Net Generation (E3)	98,721,158	4,892,460,000	2.01782
2. Spent NUC Fuel Disposal Cost (E3A)	0	0	.0000
3. Coal Car Investment	401,000	0	.00000
4. Adjustments to Fuel Cost	0	0	.00000
5. TOTAL COST OF GENERATED POWER	99,122,158	4,892,460,000	2.02602
6. Fuel Cost of Purchased Power - Firm (E8)	0	0	.00000
7. Energy Cost of Sch. C, X Economy Purchases (Broker) (E9)	11,949,873	617,600,000	1.93489
8. Energy Cost of Economy Purchases (Non-Broker) (E9)	0	0	.00000
9. Energy Cost of Sch. E Purchases (E9)	0	0	.00000
10. Capacity Cost of Sch. E Economy Purchases (E2)	0	0	.00000
11. Payments to Qualifying facilities (E8A)	0	0	.00000
12. TOTAL COST OF PURCHASED POWER	11,949,873	617,600,000	1.93489
13. TOTAL AVAILABLE KWH		5,510,060,000	
14. Fuel Cost of Economy Sales (E7)	(194,350)	(10,590,000)	1.83522
15. Gain on Economy Sales - B0X (E7A)	(124,800)	(29,500,000)(a)	.42305
16. Fuel Cost of Unit Power Sales (E7)	(10,159,950)	(466,270,000)	2.17898
17. Fuel Cost of Other Power Sales (E7)	(6,850,653)	(362,307,000)	1.89084
18. TOTAL FUEL COST AND GAINS OF POWER SALES	(17,329,753)	(839,167,000)	2.06511
19. Net Inadvertent Interchange (E4)	0		
20. TOTAL FUEL AND NET POWER TRANSACTIONS	93,742,278	4,670,893,000	2.00695
21. Net Unbilled (E4)	0	0	.00000
22. Company Use (E4)	(175,307)(a)	8,735,000	-.00403
23. T & D Losses (E4)	(6,345,059)(a)	316,155,000	-.16600
24. Adjusted System KWh Sales	93,742,278	4,346,003,000	2.15698
25. Wholesale KWh Sales	3,060,642	141,895,000	2.15698
26. Jurisdictional KWh Sales	90,681,636	4,204,108,000	2.15698
27. Jurisdictional KWh Sales Adjusted for Line Loss - 1.00210	90,872,067	4,204,108,000	2.16151
28. True-up * (derived in Attachment C)	(5,154,734)	4,204,108,000	-.12261
29. Total Jurisdictional Fuel Cost	85,717,333	4,204,108,000	2.03889
30. Revenue Tax factor			1.01652
31. Fuel Cost Adjusted for Taxes			2.07258
32. GPIF *	76,007	4,204,108,000	.00181
33. Total Fuel Cost including GPIF	85,793,340	4,204,108,000	2.07439
34. Total Fuel Cost Factor Rounded to the Nearest .001 cents per KWh (used in Attachment B, pages 1 and 2 of 9)			2.074

*Based on Jurisdictional Sales (a) included for informational purposes only.
 Effective dates for billing purposes: 3/31/89-9/28/89

FUEL AND PURCHASED POWER COST DECREASE (LUMP) CALCULATION
DIVISION OF ELECTRIC AND GAS
DATE: 7/15/98
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CLASSIFICATION	1998 COST		1999 COST		1999 COST		CLASSIFICATION	1999 COST		CLASSIFICATION
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted		Actual	Adjusted	
1. Fuel Cost of System Self Generation (E1)	0	0	0	0	0	0	0	0	0	0
2. Special Use Fuel (B)(Lump) Cost (E1a)	0	0	0	0	0	0	0	0	0	0
3. Cost for Imports	0	0	0	0	0	0	0	0	0	0
4. Adjustments to Fuel Cost	0	0	0	0	0	0	0	0	0	0
5. TOTAL COST OF DEBITED POWER	0	0	0	0	0	0	0	0	0	0
6. Fuel Cost of Purchased Power - Firm (E2)	2,347,930	2,347,930	2,347,930	2,347,930	2,347,930	2,347,930	2,347,930	2,347,930	2,347,930	2,347,930
7. Energy Cost of Self-Cost Economy Purchases (E2a)(E2)	0	0	0	0	0	0	0	0	0	0
8. Energy Cost of Economy Purchases from Brokers (E2a)	0	0	0	0	0	0	0	0	0	0
9. Energy Cost of Self-Cost Purchases (E2)	0	0	0	0	0	0	0	0	0	0
10. Capacity Cost of Self-Cost Economy Purchases (E2)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
11. Payments to Qualifying Facilities (E2a)	0	0	0	0	0	0	0	0	0	0
12. TOTAL COST OF PURCHASED POWER	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163
13. TOTAL AVAILABLE FIRM	0	0	0	0	0	0	0	0	0	0
14. Fuel Cost of Economy Sales (E7)	0	0	0	0	0	0	0	0	0	0
15. Sales on Economy Sales - BIL (E7a)	0	0	0	0	0	0	0	0	0	0
16. Fuel Cost of Self Power Sales (E7)	0	0	0	0	0	0	0	0	0	0
17. Fuel Cost of Other Power Sales (E7)	0	0	0	0	0	0	0	0	0	0
18. TOTAL FUEL COST - SALES OF POWER SALES	0	0	0	0	0	0	0	0	0	0
19. Self Consumption - In-Plant (E1)	0	0	0	0	0	0	0	0	0	0
20. TOTAL FUEL AND POWER TRANSACTIONS	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163
21. Self-Billed (E1)	0	0	0	0	0	0	0	0	0	0
22. Energy Buy (E1)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
23. Self-Cost (E1)	0	0	0	0	0	0	0	0	0	0
24. Adjusted System Firm Sales	3,240,163	3,240,163	3,240,163	3,240,163	3,240,163	3,240,163	3,240,163	3,240,163	3,240,163	3,240,163
25. Unrecoverable Firm Sales	0	0	0	0	0	0	0	0	0	0
26. Self-Billed Firm Sales	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163
27. Self-Billed Firm Sales Adjusted for Line Loss	0	0	0	0	0	0	0	0	0	0
28. Firm-up - (derived in Attachment C)	0	0	0	0	0	0	0	0	0	0
29. Total Self-Billed Firm Sales	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163	5,240,163
30. System Firm Factor	0	0	0	0	0	0	0	0	0	0
31. Fuel Cost Adjusted for Taxes	0	0	0	0	0	0	0	0	0	0
32. G714	0	0	0	0	0	0	0	0	0	0
33. Total Fuel Cost including G714	0	0	0	0	0	0	0	0	0	0
34. Total Fuel Cost Factor Based on the Overall BIL Rate per MW (based in Attachment B, pages 1 and 2 of 9)	0	0	0	0	0	0	0	0	0	0

... See footnote for supplemental purposes only.

FUEL AND PURCHASED POWER COST RECOVERY CLAIMS CALCULATION
DIVISION OF ELECTRIC AND GAS
DATE: 7-15-89
PAGE 8 OF 9

ESTIMATED FOR THE PERIOD OF, April 1989-September 1989

CLASSIFICATION	Classification Associated	Classification Associated	Classification Associated	Classification Associated	Classification Associated	Classification Associated	Classification Associated	Classification Associated	Classification Associated
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1. Fuel Cost of System net Generation (E1)	0	0	0	0	0	0	0	0	0
2. Net Net Fuel Disposal Cost (E1A)	0	0	0	0	0	0	0	0	0
3. Coal Car Investment	0	0	0	0	0	0	0	0	0
4. Adjustments to Fuel Cost	0	0	0	0	0	0	0	0	0
5. TOTAL COST OF GENERATED POWER	0	0	0	0	0	0	0	0	0
6. Fuel Cost of Purchased Power - Firm (E6)	2,964,499	77,548,000	3,79700	2,964,499	77,548,000	3,79700	2,964,499	77,548,000	3,79700
7. Energy Cost of Sch.C.E Economy Purchase (Other) (E7)	0	0	0	0	0	0	0	0	0
8. Energy Cost of Economy Purchase (Non-Other) (E7)	0	0	0	0	0	0	0	0	0
9. Energy Cost of Sch.E Purchase (E9)	5,411,774	77,548,000 (a)	1,87065	5,411,774	77,548,000 (a)	1,87065	5,411,774	77,548,000 (a)	1,87065
10. Capacity Cost of Sch.E Economy Purchase (E2)	848,000	0	0	848,000	0	0	848,000	0	0
10a. Demand Costs of Purchased Power (E2)	0	0	0	0	0	0	0	0	0
10b. Non Fuel Energy and Customer Costs of Purchased Power (E2)	543,251	39,000,000	3,87000	543,251	39,000,000	3,87000	543,251	39,000,000	3,87000
11. Payments to Supplying Facilities (E8A)	1,591,509	116,348,000	5,88402	1,591,509	116,348,000	5,88402	1,591,509	116,348,000	5,88402
12. TOTAL COST OF PURCHASED POWER	5,057,723	116,348,000	5,88402	5,057,723	116,348,000	5,88402	5,057,723	116,348,000	5,88402
13. TOTAL AVAILABLE RM	0	0	0	0	0	0	0	0	0
14. Fuel Cost of Economy Sales (E7)	0	0	0	0	0	0	0	0	0
15. Gain on Economy Sales - RM (E7A)	0	0	0	0	0	0	0	0	0
16. Fuel Cost of Unit Power Sales (E7)	0	0	0	0	0	0	0	0	0
17. Fuel Cost of Other Power Sales (E7)	0	0	0	0	0	0	0	0	0
18. TOTAL FUEL COST AND LOSS OF POWER SALES	0	0	0	0	0	0	0	0	0
19. Net Indirect Fuel Charge (E8)	0	0	0	0	0	0	0	0	0
20. TOTAL FUEL AND NET FUEL TRANSACTIONS	5,057,723	116,348,000	5,88402	5,057,723	116,348,000	5,88402	5,057,723	116,348,000	5,88402
21. net Unbilled (E4)	183,086 (a)	2,897,000	13644	183,086 (a)	2,897,000	13644	183,086 (a)	2,897,000	13644
22. Company Use (E4)	4,978 (a)	97,000	88447	4,978 (a)	97,000	88447	4,978 (a)	97,000	88447
23. I & S Losses (E4)	391,549 (a)	6,494,000	3,74909	391,549 (a)	6,494,000	3,74909	391,549 (a)	6,494,000	3,74909
24. Adjusted System net Sales	5,057,723	106,350,000	5,49722	5,057,723	106,350,000	5,49722	5,057,723	106,350,000	5,49722
25. Wholesale RM Sales	0	0	0	0	0	0	0	0	0
26. Jurisdictional net Sales	5,057,723	106,350,000	5,49722	5,057,723	106,350,000	5,49722	5,057,723	106,350,000	5,49722
27. Jurisdictional net Sales Adjusted for Line Loss - 0	5,057,723	106,350,000	5,49722	5,057,723	106,350,000	5,49722	5,057,723	106,350,000	5,49722
27a. G&D net Sales (E11)	12,848,000	12,848,000	0	12,848,000	12,848,000	0	12,848,000	12,848,000	0
27b. Other Classes net Sales (E11)	91,711 (a)	91,711 (a)	0	91,711 (a)	91,711 (a)	0	91,711 (a)	91,711 (a)	0
27c. G&D CP RM	0	0	0	0	0	0	0	0	0
28. CP17	0	0	0	0	0	0	0	0	0
27. net-up - (derived in Attachment C)	0	0	0	0	0	0	0	0	0
29. Total Jurisdictional Fuel Cost	5,057,723	106,350,000	4,73543	5,057,723	106,350,000	4,73543	5,057,723	106,350,000	4,73543

FUEL AND PURCHASED POWER COST RECOVERY CLAUSE CALCULATION
ESTABLISHED FOR THE PERIOD OF: April 11 1989- September 1989
DIVISION OF ELECTRIC AND GAS
DATE: 2-15-90
PAGE 04 OF 9

CLASSIFICATION	FLORIDA PUBLIC UTILITIES (REGULATIONS)			STAFF POSITION		
	Classification Associated	Classification Associated	Classification Associated	Classification Associated	Classification Associated	Classification Associated
30a. Demand Purchased Power Costs (line 10a)	848,000 (a)	848,000	848,000	848,000	848,000	848,000
30b. Non-Demand Purchased Power Costs (lines 6+10b+11)	5,009,773 (a)	5,009,773	5,009,773	5,009,773	5,009,773	5,009,773
30c. True-up Over/Under Recovery (line 29)	(811,718)(a)	(811,718)	(811,718)	(811,718)	(811,718)	(811,718)
31. Total Demand Costs	848,000	848,000	848,000	848,000	848,000	848,000
32. GED Portion of Demand Costs Including line losses (line 27c * 0.30)	198,000	198,000	198,000	198,000	198,000	198,000
33. Balance to Other Customers	650,000	650,000	650,000	650,000	650,000	650,000
34. Total Non-Demand Costs (line 30b)	5,009,773	5,009,773	5,009,773	5,009,773	5,009,773	5,009,773
35. Total non Purchased (line 12)				116,548,000	116,548,000	116,548,000
36. Average Cost per kW Purchased						
37. Avg. Cost adjusted for transmission line losses (line 36 * 1.05)	547,656	547,656	547,656	547,656	547,656	547,656
38. GED Non-Demand Costs (line 27b * line 37)	6,442,067	6,442,067	6,442,067	6,442,067	6,442,067	6,442,067
39. Balance to Other Customers	198,000	198,000	198,000	198,000	198,000	198,000
40a. Total GED Demand Costs (line 32)				69,000	69,000	69,000
40b. Revenue Tax Factor				1.01009	1.01009	1.01009
40c. GED Demand Purchased Power factor adjusted for taxes and rebates				3.35310	3.35310	3.35310
40d. Total Current GED Non-Demand Costs (line 38)	547,656	547,656	547,656	547,656	547,656	547,656
40e. Total Non-Demand Costs including true-up				12,048,000	12,048,000	12,048,000
40f. Revenue Tax Factor				1.01009	1.01009	1.01009
40g. GED Non-Demand costs adjusted for taxes.				6,00219	6,00219	6,00219
41a. Total Demand and Non-Demand Purchased Power Costs of other classes (lines 33 + 39)	5,009,067	5,009,067	5,009,067	5,009,067	5,009,067	5,009,067
41b. Other Classes' Portion of True-up (line 42)	(811,718)	(811,718)	(811,718)	(811,718)	(811,718)	(811,718)
41c. Total Demand and Non-Demand Costs including true-up	4,200,349	4,200,349	4,200,349	4,200,349	4,200,349	4,200,349
41d. Revenue tax factor				1.01009	1.01009	1.01009
41e. Other Classes Purchased Power factor adjusted for taxes to the nearest .001 cents per kW (used in Attachment 9, pages 1 and 2 of 9)	4.041	4.041	4.041	4.041	4.041	4.041

*Based on Jurisdictional Sales (a) included for informational purposes only.
Effective date for billing purposes: 4/1/89-9/30/89

COMPANY: IFC
 FULL AND PURCHASED POWER COST RECOVERY CLAUSE
 CALCULATION OF FINAL FUEL COST FACTORS

For the Period: April 1989 through September 1989

Group Delivery Level	GROUP LINE LOSS MULTIPLIER	LEVELIZED	ON-PEAK	OFF-PEAK
I. Transmission Delivery	0.9740	2.014	2.613	1.739
II. Distribution Primary Delivery	0.9903	2.046	2.655	1.767
III. Distribution Secondary Delivery	1.0036	2.073	2.691	1.790

Rate Schedules M-1 and SL-1:

Final fuel cost factor is composite of on-peak and off-peak factors with consumption
 10.7% on-peak and 01.3% off-peak, and group III line losses:

$$(.107 \times 2.601 + .013 \times 1.704) \times 1.0036 = 1.959 \text{ C/KWH}$$

FLORIDA POWER & LIGHT COMPANY

FUEL RECOVERY FACTORS - BY RATE GROUP
 (ADJUSTED FOR LINE/TRANSFORMATION LOSSES)

APRIL 1989 - SEPTEMBER 1989

(1) GROUP	(2) RATE SCHEDULE	(3) AVERAGE FACTOR	(4) FUEL RECOVERY LOSS MULTIPLIER	(5) FUEL RECOVERY FACTOR
A	RS-1, BS-1, BL-2	1.778	1.00136	1.780
A-14	SL-1, BL-1	1.740	1.00136	1.745
B	GS-1	1.778	1.00131	1.780
C	BSLB-1 & CS-1	1.778	1.00024	1.778
D	BSLB-2, CS-2, OS-2 & RET	1.778	0.99223	1.766
E	BSLB-3 & CS-3	1.778	0.96774	1.721
A	BS1-1, BS1-2: ON-PEAK OFF-PEAK	1.918 1.710	1.00136 1.00136	1.921 1.712
B	BS21-1: ON-PEAK OFF-PEAK	1.918 1.710	1.00136 1.00136	1.921 1.712
C	BS121-1 & ON-PEAK CS1-1: OFF-PEAK	1.918 1.710	1.00024 1.00024	1.919 1.710
D	BS121-2 & ON-PEAK CS1-2: OFF-PEAK	1.918 1.710	0.99232 0.99232	1.905 1.698
E	BS121-3, CS1-3, ON-PEAK IS1-1(1) OFF-PEAK & IS11-1(1)	1.918 1.710	0.96774 0.96774	1.856 1.654
F	IS1-1(1) & ON-PEAK IS11-1(1) OFF-PEAK	1.918 1.710	0.99805 0.99805	1.914 1.706
G	WEIGHTED AVERAGE 161 ON-PEAK AND 942 OFF-PEAK			

SCHEDULE E1-C

GULF POWER COMPANY

Fuel Cost Factors
 April, 1989 - September, 1989

Group	Rate Schedules	Line Loss Multipliers	Fuel Cost Factors Cents/KWH		
			TDU		
			Standard	On-Peak	Off-Peak
A	85, 86, 88, 88111	1.01228	2.099	2.217	2.044
B	LP	0.98106	2.035	2.149	1.981
C	PI	0.98230	1.996	2.107	1.943
D	881, 8811	1.01228	2.059	N/A	N/A

Group B Calculation

On-Peak Factor	$2.190 \text{ Cents/KWH} \times 0.9883 =$	2.163 Cents/KWH
Off-Peak Factor	$2.019 \text{ Cents/KWH} \times 0.9117 =$	1.841 Cents/KWH
		<u>2.034 Cents/KWH</u>
Line Loss Multiplier		<u>1.01228</u>
		2.059 Cents/KWH

SCHEDULE E II

TAMPA ELECTRIC COMPANY

CALCULATION OF DWTI AND PURCHASED POWER
 COST FACTORS FACTOR WITH LINE LOSSES

ESTIMATED FOR THE PERIOD
 APR 1989 THRU SEPT 1989

1. THE FOLLOWING GROUPS ARE USED FOR LINE LOSS CALCULATIONS:

GROUP	DATE	DESCRIPTION
A	01	RESIDENTIAL SERVICE
	02	GENERAL SERVICE
	75	VEHICULAR SERVICE
		MOB DEMAND
A1	01-12-83	STREET LIGHTING SERVICE
	01-12-83	GENERAL OUTDOOR LIGHTING SERVICE
B	02-01	GENERAL SERVICE
	02-01	GENERAL SERVICE
	02-01	LAND SERVICE
	02-01	FLIM STANDBY AND SUPPLEMENTAL SERVICE
C	03-01	INDUSTRIAL INTERMEDIATE SERVICE
	03-01	INDUSTRIAL SERVICE
	03-01	INDUSTRIAL INTERMEDIATE STANDBY AND SUPPLEMENTAL SERVICE
	03-01	INDUSTRIAL STANDBY AND SUPPLEMENTAL SERVICE

2. DEVELOPMENT OF RATE GROUP LINE LOSS MULTIPLIERS FOR THE PROJECTION PERIOD, BASED ON PROJECTED 1989 DATA:

GROUP	DATE	(11) CUSTOMER LEVEL	(12) PER UNIT RELIABILITY ATTENUATION	(13) PER UNIT LOSS NUMBER (1) / (2)	(14) COMPOSITE RELATIVE EFFICIENCY MULTIPLIER (1) / (3) * 1000 / (4)	(15) LOSS MULTIPLIER
A (0-81)	09-01-81 & 01					
	1. PRIMARY DELIVERY	4,004,401	0.933316	0,200,063		
	2. SECONDARY DELIVERY	4,300,431		0,200,063	0.2333	1.0147
	TOTAL GROUP A (0-81)					
B	02-01					
	1. PRIMARY DELIVERY	1,777,102	0.900199	1,172,575		
	2. SECONDARY DELIVERY	2,377,608	0.913316	1,316,655		
	TOTAL GROUP B	4,004,710		2,489,230	0.6190	0.9975
C	03-01 & 03-2					
	1. STANDBY DELIVERY	1,231,277	0.900209	1,409,180		
	2. PRIMARY DELIVERY	1,477,063	0.900016	1,453,808		
	TOTAL GROUP C	2,708,340		2,862,988	0.9700	0.9980
	TOTAL DETAIL RATE GROUPS	11,400,000		12,370,000	0.9800	1.0000

3. FEEL CHANGE FACTORS AFTER ADJUSTMENT FOR VARIATIONS IN LINE LOSSES:

GROUP	MULTIPLIER	STANDARD	ON PEAK	OFF PEAK
GROUP A	1.0147	2.576	2.832	2.404
GROUP B	0.9975	2.553	2.784	2.447
GROUP C	0.9800	2.479	2.793	2.371
SYSTEM	1.0000	2.554	2.791	2.410

* GROUP A1 IS BASED ON GROUP A, 15% OF ON PEAK & 95% OF OFF PEAK.

GPIF TARGETS
 APR - SEPT

Availability

FPL	EAJ	POF	EUOF	Heat Rate
Cape Canaveral 1	78.8	17.5	3.7	9576
Cape Canaveral 2	95.5	0.0	4.5	9471
Fort Myers 2	82.6	13.7	3.7	9259
Manatee 1	79.7	8.7	11.6	9532
Manatee 2	94.3	0.0	5.7	9700
Martin 1	92.8	0.0	7.2	9328
Martin 2	66.6	29.0	4.4	9703
Port Everglades 1	80.3	13.1	6.6	9901
Port Everglades 2	87.0	5.5	7.5	9762
Port Everglades 3	80.6	0.0	19.4	9653
Port Everglades 4	76.6	12.0	11.4	9631
Riviera 3	80.7	6.0	13.3	9830
Riviera 4	83.7	9.8	6.5	9929
Turkey Point 1	80.0	17.5	2.5	9441
Turkey Point 2	88.9	0.0	11.1	9615
Turkey Point 3	65.7	7.7	26.6	11062
Turkey Point 4	76.1	0.0	23.9	11051
St. Lucie 1	91.8	0.0	8.2	10822
St. Lucie 2	77.6	15.3	7.1	10841
FPC	EAJ	POF	EUOF	Heat Rate
Anclotte 1	83.24	7.65	9.11	9839
Anclotte 2	93.75	0.00	6.25	9870
Crystal River 1	90.43	0.00	9.57	10046
Crystal River 2	62.89	19.11	15.00	10169
Crystal River 3	69.68	6.56	23.76	10716
Crystal River 4	71.35	22.93	5.72	9417
Crystal River 5	94.36	0.00	5.64	9448
TECO	EAJ	POF	EUOF	Heat Rate
Gannon 5	57.7	30.6	11.7	10142
Gannon 6	74.3	12.6	13.1	10142
Big Bend 1	86.4	0.0	13.6	9806
Big Bend 2	60.2	30.1	9.7	9806
Big Bend 3	84.2	0.0	15.8	9806
Big Bend 4	92.7	0	7.3	10012
GULF	EAJ	POF	EUOF	Heat Rate
Crist 6	83.9	4.9	11.2	10413
Crist 7	75.8	12.6	11.6	10493
Smith 1	87.9	8.7	3.4	10310
Smith 2	82.9	8.7	8.4	10340
Daniel 1	91.0	4.9	4.1	10723
Daniel 2	97.6	0.0	2.4	10697
Crist 4	95.3	0.0	4.7	11095

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power) DOCKET NO. 890001-EI
Cost Recovery Clause and Generating)
Performance Incentive Factor.) Submitted for filing:
February 14, 1989

STIPULATION

The Florida Industrial Power Users Group ("FIPUG") and Florida Power & Light Company ("FPL") do hereby enter into the following stipulation and request that consideration of Issues 15-17 and FIPUG's position on Issues 11-14 (the "Issues") be deferred from the February 22 hearing in this docket:

1. FIPUG and FPL are parties in Docket No. 890001-EI. Issues 11-14 in that docket, as delineated in the Prehearing Order, involve the setting and application of the Oil Backout Cost Recovery Factor ("OBCRF") by FPL for the time frames covered by the hearing.

2. Issues 15-17, as delineated in the Prehearing Order, set forth issues raised by FIPUG in regard to the application of the OBCRF. FIPUG seeks a refund of certain monies collected by FPL pursuant to the OBCRF and discontinuation of FPL's oil backout cost recovery mechanism. Further, with respect to Issues 11-14, FIPUG has asserted that all revenues associated with claims of deferral benefits should be refunded to customers.

3. Docket No. 890001-EI is set for hearing beginning February 22, 1989.

4. FIPUG currently has pending in Docket No. 890148-EI a Petition to Discontinue FPL's OBCRF. This petition has not yet been set for hearing.

5. On January 27, 1989, FIPUG filed a motion to consolidate the two dockets as they relate to FPL's OBCRF or, alternatively, to hold the OBCRF issues in Docket No. 890001-EI in abeyance pending resolution of FIPUG's petition.

6. On February 10, 1989 at the prehearing conference in Docket No. 890001-EI, Commissioner Herndon deferred ruling on FIPUG's Motion to Consolidate. He sent the motion to the full Commission for a ruling at the March 7, 1989 Agenda Conference. Thus, the Commission's ruling on the Motion to Consolidate will occur after the February 22, 1989 hearing in Docket No. 890001-EI.

7. FIPUG and FPL agree that insufficient time exists for discovery and hearing preparation on the "Issues" as currently included in the February 22 hearing in Docket No. 890001-EI.

8. In order to allow sufficient time for discovery and preparation so as to present all the facts to the Commission, FIPUG and FPL stipulate:

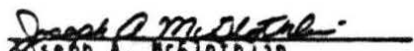
a. FPL shall proceed with the presentation of evidence at the February 22, 1989 hearing in regard to issues 11-14 as those issues relate to the setting of the OBCRF;


b. FIPUG agrees to defer presentation of its position on the "Issues" until such "Issues" are decided in a later scheduled hearing or ruling in Docket No. 890001-EI and/or Docket No. 890148-EI;

c. FPL agrees that if any adjustment is made to FPL's OBCRF as a result of the proceedings in a later scheduled hearing in Docket No. 890001-EI and/or Docket No. 890148-EI, as a result of consideration of the "Issues," any amounts ordered to be refunded shall be subject to refund as though the Commission had considered and reached a decision on the "Issues" in the hearing held on February 22 in Docket No. 890001-EI; and

d. FIPUG and FPL agree that this Stipulation in no way shall be construed as a waiver of any parties' positions or rights in regard to any "Issues" arising from FIPUG's positions in Docket No. 890001-EI and/or Docket No. 890148-EI.

9. The undersigned are authorized to represent that the Office of Public Counsel joins in this Stipulation.


Joseph A. McElathin
Lawson, McWhirter, Grandoff
& Reeves
522 E. Park Avenue, Suite 200
Tallahassee, Florida 32301
904/222-2525


Matthew K. Childs
Steel, Hector & Davis
310 W. College Avenue
Tallahassee, Florida 32301
904/222-4192

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of the Florida) DOCKET NO. 890148-EI
Industrial Power Users Group to)
Discontinue Florida Power & Light) ORDER NO. 21755
Company's Oil Backout Cost Recovery)
Factor.) ISSUED: 8/21/89
_____)

Pursuant to Notice, a Prehearing Conference was held on August 3, 1989, in Tallahassee, before Commissioner John T. Herndon, Prehearing Officer.

APPEARANCES:

CHARLES GUYTON, Esquire, and MATTHEW CHILDS, Esquire, Steel, Hector and Davis, 310 W. College Avenue, Tallahassee, Florida 32301-1406
On behalf of Florida Power & Light.

JOSEPH A. MCGLOTHLIN, Esquire, Lawson, McWhirter, Grandoff & Reeves, 522 Park Avenue, Suite 200, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group.

JOHN ROGER HOWE, Esquire, and Avis Payne, Legislative Analyst, Office of the Public Counsel, c/o Florida House of Representatives, The Capitol, Tallahassee, Florida 32301
On behalf of the Citizens of the State of Florida.

MARSHA E. RULE, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida, 32399-0863
On behalf of the Commission Staff.

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

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PREHEARING ORDER

Background

In connection with the February, 1989 hearing in Docket No. 890001-EI, the Florida Industrial Power Users Group (FIPUG) raised issues relating to discontinuance of Florida Power & Light Company's (FPL's) oil backout cost recovery factor. FIPUG also filed a separate petition in this docket on January 27, 1989, and sought consolidation of the two dockets by a Motion to Consolidate Dockets or Hold Certain Issues in Docket No. 890001-EI in abeyance.

The parties agreed to defer FIPUG's issues in Docket No. 890001-EI until the August, 1989 hearing in order to allow for discovery. Thereafter, the Commission ordered consolidation of Dockets Nos. 890148-EI and 890001-EI for hearing purposes only, with Docket No. 890148-EI to be heard by the full Commission on the last day of the scheduled hearings in Docket No. 890001-EI. Docket No. 890148-EI was later rescheduled to the first day of the hearing, August 22, 1989, so that all Commissioners could be present.

On February 15, 1989, FPL moved to dismiss FIPUG's petition. FPL's Motion was denied in Order No. 21361 on the grounds that FIPUG had stated a cause of action upon which it was possible to grant relief.

Use of Prefiled Testimony

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 exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party desires to use any portion of a deposition or an interrogatory, at the time the party seeks to introduce that deposition or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits

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requested at the time of the depositions subject to the same conditions.

Order of Witnesses

The witness schedule is set forth below in order of appearance by the witness's name, subject matter, and the issues which will be covered by his or her testimony.

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
1. Jeffrey Pollock (FIPUG) (Direct and Rebuttal)	Support of FIPUG's Petition for Discon- tinuance of FPL's OBCRF	1-16
2. S.S. Waters (FPL) (Direct and Rebuttal)	(Direct) - Capacity Benefits of FPL's Oil Backout Project. (Rebuttal) - Rebuttal of Pollock testimony.	1-16

EXHIBIT LIST

EXHIBIT NUMBERS 601 - 699 have been assigned to FIPUG

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
601	Pollock	JP-1, Schedule 1: Cumulative cost savings of project original pro- jection vs. actual
602	Pollock	JP-2, Schedule 2: Comparison: FPL's actual load growth and kwh con- sumption with 1982 forecast

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
603	Pollock	JP-1, Schedule 3: Comparison: coal-by-wire energy purchases, original forecast vs. actual/ current forecast
604	Pollock	JP-1, Schedule 4: Comparison: oil prices, original forecast vs. actual/current forecast
605	Pollock	JP-1, Schedule 5: Comparison: cost of oil- fired generation with cost of coal-by-wire energy purchases
606	Pollock	JP-1, Schedule 6: Actual summer peak reserve margins
607	Pollock	JP-1, Schedule 7: Projected reserve margins with and without coal-by- wire capacity
608	Pollock	JP-1, Schedule 8: Comparison of returns on equity
609	Pollock	JP-1, Schedule 9: Analysis of recently authorized returns on equity

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<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
610	Pollock	JP-1, Schedule 10: Comparison: production/ transmission and energy allocation factors, GSLD and CS rate clauses
611	Pollock	JP-1, Schedule 11: Recovery of capacity deferred savings through the OBCRF
612	Pollock	JP-1, Schedule 12: Estimates of direct cost of 700 MW coal station
613	Pollock	JP-1, Schedule 13: Revenue requirement effect of the income tax saving rule

EXHIBIT NUMBERS 201-299 HAVE BEEN ASSIGNED TO FPL
Exhibits numbered 201-207 were identified in Dockets
890001-EI and 890002-EG

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
208	Waters	(Composite) Document 1: (map) FPL's 500 kV Oil Backout Project Document 2: FPL Oil Backout Project Scheduled Versus Actual In-Service Dates

208 Waters Document 3: (2 page
document of exhibits from
Docket No. 820155-EU)
1st page: Ex. # 15(j).
2nd page: supporting
exhibit, Howard testimony

Document 4: (2 page
document updating
analysis in Document 3)
1st page: update of Ex.
15(j). 2nd page:
supporting document

209 Waters (Composite)
Document 1: Projected
and Calculated Projected
Reserve Margins At Time of
Summer Peak With and
Without Coal-By-Wire
Capacity

Document 2: Comparison
of Coal-By-Wire Energy
and Avoided Energy Cost

Document 3: Comparison of
Martin Unit No. 3 Life
Cycle Costs To New
Combined Cycle Units

EXHIBIT NUMBERS 1201-1299 HAVE BEEN ASSIGNED TO OPC
At this time, no exhibits have been identified.

EXHIBIT NUMBERS 1301-1399 HAVE BEEN ASSIGNED TO STAFF
At this time, no exhibits have been identified.

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PARTIES' STATEMENT OF BASIC POSITION

Florida Industrial Power User's Group's Statement of Basic Position:

Seven years of experience have demonstrated that the oil backout project does not economically displace oil. At the present OBCRF rate, in 1989 FPL will collect in excess of \$500,000,000 from its customers, while the net energy savings are only \$214,515,000.

The project does provide significant capacity and reliability functions. Recovering the full cost of a 30-year capacity/reliability project through a seven year energy surcharge causes present customers to subsidize future customers, provides unreasonable and unrestricted excess cash flows to FPL and penalizes high load factor customers. To perpetuate the charge after radically changed circumstances have occurred, which render the charge inappropriate, would be unjust and unreasonable.

Past collections of "net savings" for an accelerated write-off were based on improper claims of capacity deferral benefits and should be refunded. The claims were based upon 1982 assumptions that have been outdated by changes in load growth and demand and supply options. The oil backout charge should be terminated. "Accelerated depreciation" should be reversed, and the revenues returned to customers. The remaining cost of the transmission lines and other project costs should be recovered through FPL's base rates.

Florida Power & Light Company's Statement of Basic Position:

FIPUG's Petition should be denied in its entirety. FIPUG's Petition, supporting affidavit and testimony are full of inaccurate and misleading allegations. They ignore or misstate prior Commission determinations, invoke irrelevant factors, raise issues previously settled by the Commission, argue circumstances have changed when changed circumstances cannot justify discontinuance of recovery or a refund, and wholly fail to provide a substantive basis for the relief they request. The relief requested cannot be granted as a matter of law. FIPUG's "case" is a direct attack on the Oil Backout Rule, a belated and untimely attempt to seek reconsideration in numerous dockets, and an expensive and inappropriate challenge to the Commission's management of the Oil Backout Rule.

FIPUG's Count I, that the Project has not achieved its primary purpose, the economic displacement of oil fired generation, is wholly premised on a test manufactured by Mr. Pollock which is at odds with the Commission's prescribed test. The Commission has prescribed the test to determine whether the primary purpose of a Project is economic oil displacement. FPL's Project passed the test in 1982 when it qualified, and even with lower than projected oil prices, passes the test now. FPL's Project still economically displaces oil fired generation.

FIPUG's Count II, that recovery of Project costs through an energy based charge is unfair and unduly discriminatory, should not be considered. First, an energy charge for oil backout recovery is prescribed by the Oil Backout Rule. Second, the Commission has heard and rejected this same FIPUG argument on numerous different occasions; FPL should not have to respond to it again.

FIPUG's Count III, that the Martin Units are fictional and have not been deferred so they should not be used to calculate Actual Net Savings, is unfounded. The Martin Coal Units were deferred by the Project. Without the Project they would have been in service by now and FPL's customers would be paying a return on them. This avoided revenue requirement is clearly a Project benefit properly included, along with other savings and project costs, in the calculation of Actual New Savings for the Project. However, FPL's recovery of 2/3 of Actual Net Savings as additional depreciation of the 500 kV Project in no way represents FPL earning a return on units not built; it is the approved method of accelerating the recovery of the 500 kV Project.

FIPUG's Count IV, that FPL evades regulatory scrutiny through the Oil Backout Cost Recovery Factor, is a gross misstatement of fact. FPL's Oil Backout Project has regularly been reviewed by the Commission every six months since approval in 1982. There have been other reviews as well. FPL separately accounts for the Project as required by Commission rule. Consistent with the Oil Backout Rule, the Commission's treatment of Oil Backout Project revenue requirements in FPL's last rate case and the Commission's Rule 25-6.024 (1)(b) regarding Rate of Return Reports, FPL has excluded the Project's rate base, revenues and expenses from its Rate of Return Reports. Finally, because FPL recovers actual tax

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expense for the Project through the Factor at the current income tax rate, there are no Project tax savings; therefore, no additional tax savings refund is warranted.

As a matter of law, FIPUG's relief cannot be granted. Periodic revisitation of qualification under the rule is not permissible. Cessation of oil backout recovery is inconsistent with Section (4)(d) of Rule 25-17.016 as well as a clearly articulated Commission intent that lower than projected oil prices would not be the basis for disqualifying a Project. A redetermination of a Project's eligibility for recovery seven years after the initial qualification determination is barred by the doctrine of Administrative Finality. It is also a proscribed exercise of hindsight. FIPUG's attack on the energy based oil backout charge is also barred by the doctrine of Administrative Finality, and it is inconsistent with Section (4)(e) of Rule 25-17.016. FIPUG has waived its right to contest the use of the Martin units to calculate capacity deferral benefits to be used in computing Actual Net Savings. This issue was raised by FPL testimony in no less than three Oil Backout proceedings to which FIPUG was a party without FIPUG contesting it. Their belated protest is untimely, and under Rule 25-22(5)(b) they have waived the issue due to their lack of diligence. It is also an untimely request for reconsideration precluded by Rule 25-22.060. Moreover, the refund requested would constitute unlawful, retroactive ratemaking. Finally, the Oil Backout Project has separate accounting by rule; because the Factor only recovers actual tax expense on the Project at current tax rates, there are no oil backout tax savings to be refunded.

Staff's Statement of Basic Position:

Because FPL's transmission line oil backout project was approved by the Commission in Order No. 11210, it should not now be retroactively disapproved. Therefore, FIPUG's request for refund of all oil backout cost recovery charges collected to date should be denied. Further, Staff does not agree with FIPUG's allegation that capacity and deferral benefits are illusory.

Office of Public Counsel's Statement of Basic Position:

The justification accepted by the Florida Public Service Commission when it first approved FPL's 500 KV transmission

lines as an oil backout project pursuant to Rule 25-17.016, Florida Administrative Code, is no longer valid. Circumstances have changed such that the facts surrounding the transmission project are now outside the scope of the rule. The initial determination of qualification under the rule was not, and could not be, binding for all future periods without regard to changed circumstances any more than a base rate proceeding conducted pursuant to relevant rules and statutes could be.

STATEMENT OF ISSUES AND POSITIONS

ISSUES OF LAW

1. ISSUE: Are the 500 KV transmission lines presently being used primarily to displace oil-fired generation? (FIPUG)

FIPUG: No. Without the capacity imported over the transmission line, FPL could not adequately meet its present load requirements. It does not have sufficient oil-fired generating capacity to meet present system demand. Electricity purchased from Southern Company is the same as a new generating unit and is no longer justified under the prohibitions of Rule 25-17.016(2)(b), F.A.C.

FPL: Yes. This factual issue is irrelevant to this proceeding. The Commission has previously determined that the primary purpose of FPL's 500 kV Transmission Project over the first ten years of the Project is the economic displacement of oil. The Commission has previously rejected FIPUG's request to reconsider that finding, and the Supreme Court of Florida has affirmed the Commission's decision to qualify the Project. Consequently, the Project's qualification for recovery under the Oil Backout Cost Recovery Factor ("Factor") is a settled issue, and the current primary use of the Project is irrelevant to continued recovery through the Factor.

Irrelevance aside, under the Commission's prescribed test of determining whether economic displacement of oil-fired generation is the primary purpose of the Project, the "Primary Purpose Test", the primary use of the Project presently is and continues to be oil-fired generation displacement. Under that test net fuel savings continue to exceed Project revenue requirements

during the first ten years of the Project, even updating for lower than projected oil prices.

As FPL has always acknowledged, in addition to this primary purpose of economic oil displacement, there are other significant benefits from the Project including capacity deferral benefits and enhanced system reliability. These benefits were anticipated and forecasted at Project qualification. For instance, it was recognized in 1982 that after 1987 the Project would not only economically displace oil but also be used to meet load requirements. The current existence of additional benefits does not change the determination that the primary purpose of the Project is economic oil displacement now any more than it did in the original qualification proceeding when these benefits were merely projected. (Waters)

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

2. ISSUE: Should FPL be required to refund past collected backout revenues associated with accelerated depreciation? (FIPUG)

FIPUG: Yes. Supposedly, the Southern contract capacity allowed FPL to defer its own capacity; but collecting both capacity charges and costs of the deferred unit is tantamount to collecting for the same capacity twice. FPL is also collecting for capacity which has not been built and has been removed from the planning horizon because of more economical alternatives; thus, the hypothetical Martin units are not "used and useful." Finally, FPL testified in 1982 that deferral was justified to enable FPL to realize lower capital costs, construction costs, and more economical technologies. Those changes occurred, affecting all parameters of "deferral benefits," including in-service date, construction costs, and supply options; but FPL improperly clung to the outdated 1982 assumptions for the purpose of quantifying "deferral benefits." In Order No. 11217, the Commission reserved the ability to review the cost parameters. The commission should reject

FPL's static approach and recognize the changes in circumstances that require a refund of revenues tied to the Martin assumptions.

FPL: No. FIPUG has intentionally misrepresented the nature of the revenues FPL is recovering through the Oil Backout Cost Recovery Factor and taking as accelerated depreciation. The only cost FPL is recovering through accelerated depreciation is FPL's investment in the 500 kV Project. FPL has not and is not "collecting ... costs of the deferred unit" nor is it "collecting for capacity which has not been built" and is "not 'used and useful'".

The Project has produced actual net savings since 1987, so consistent with the Oil Backout Rule and pursuant to Commission approval, FPL has been collecting revenues through the Factor and taking as accelerated depreciation an amount equal to two-thirds of the Project's actual net savings. In calculating actual net savings, FPL has recognized, as one benefit of several, the Project's capacity deferral benefits associated with the Project deferring the construction of Martin Coal Unit Nos. 3 and 4. Without the Project these units would have been in-service in June, 1987 and December, 1988, respectively. Consequently, it is entirely appropriate to recognize the savings associated with not having to build these units in calculating the Project's actual net savings.

FPL's calculation of the capacity deferral benefits for the Martin units is reasonable. FPL updated its original Martin unit cost projections with lower actual capital costs and lower actual escalation rates. It used the original in-service dates because FPL's 1982 forecasted load for 1987 and 1988 was accurate, and without the coal by wire purchases this capacity would have been needed as projected.

FIPUG's attempt to question FPL's capacity deferral benefits is untimely and wholly speculative. This Commission, in Order 11537, held open the issue of the proper cost parameters. However, the issue was held open until "such time as the deferred units would have come on line, absent the oil backout project, i.e., 1987". FPL addressed the issue in its testimony then as instructed,

and the Commission approved FPL's cost parameters. FIUG chose to waive the issue and should not be allowed to resurrect it.

FPL's recovery of accelerated depreciation on the Project is consistent with the Oil Backout Rule and prior Commission orders. It reflects that the Project has produced substantial actual net savings, all of which will flow to customers once the Project is fully depreciated in August, 1989. No refund is warranted. (Waters)

STAFF: No.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

3. ISSUE: Should FPL be required to terminate the oil backout cost recovery factor? (FIPUG)

FIPUG: Yes. The claimed deferral benefits have been improperly included, and the changes in fuel costs have resulted in greatly diminished fuel savings, so that the project is not achieving net fuel benefits. It does provide capacity and reliability benefits; therefore, the continued collection through an energy charge is unwarranted and discriminatory.

FPL: No. In adopting the Oil Backout Rule and approving FPL's Project for qualification, the Commission had no intention of discontinuing recovery through the Factor if actual experience did not track projections. Thus, even if the Project had not achieved net fuel savings or economic oil displacement, the Commission intended to continue to allow recovery through the Factor because the Commission, in qualifying the Project, had decided the Project was prudent and should be pursued.

However, even with lower than projected oil prices, this Project has economically displaced oil and provided net fuel savings greater than Project revenue requirements. In addition, the capacity and reliability benefits of the Project are not new or anticipated. FIPUG and Public Counsel argued at the qualification proceeding that these benefits made oil backout recovery of the

Project unwarranted or discriminatory, and the Commission rejected their arguments. There is nothing new in this case that warrants revisiting those issues. Therefore, there is no basis to terminate the oil backout cost recovery factor. (Waters)

STAFF: Termination of the OBCRF should be done in conjunction with the utility's next rate case, pursuant to Rule 25-17.016(4)(d).

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

4. ISSUE: When will investment in transmission lines be fully recovered if FPL is allowed to use two-thirds of the "annual net savings" as accelerated depreciation? (FIPUG)

FIPUG: October, 1989.

FPL: August, 1989. (Waters)

STAFF: Agree with FPL.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

5. ISSUE: Has the time come to require FPL to collect the capacity charges for the Southern System UPS charges through base rate mechanisms? (FIPUG)

FIPUG: Yes. FPL is using generating capacity on the Southern System to meet its basic load requirements. The cost of this capacity far exceeds the net energy savings. It is improper to recover it through the fuel clause because the capacity costs exceed the fuel savings.

FPL: No. FIPUG has failed to establish why the current treatment of UPS capacity charges is improper. FPL is using the Project and UPS purchases exactly in the fashion originally envisioned. The Commission opted in the original oil backout cost recovery proceeding to recover those charges through the Factor, and FIPUG has provided no basis for the Commission to reconsider that decision.

In addition, continued recovery of UPS capacity charges through the Factor assures an accurate cost recovery subject to true-up. (Waters)

STAFF: The inclusion of capacity charges in FPL's base rate should be done at the time of the utility's next rate case, pursuant to Rule 25-17.016(4)(d).

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

6. ISSUE: Is FPL justified in charging a 15.6% return on the equity portion of its capital invested in the 500 KW transmission lines? (FIPUG)

FIPUG: No. Rule 17.016(4)(e), F.A.C., requires the utility to use its actual cost of capital for the recovery period. Use of 15.6% is unjustified.

FPL: Yes. The Commission has the long standing practice of authorizing FPL to earn on its oil backout investment at the rate of return on equity authorized by the Commission in FPL's most recent rate case. This practice was initiated in FPL's first oil backout cost recovery proceeding and continues today. It avoids the Commission having to determine FPL's cost of equity in the limited scope of a Fuel proceeding. This long standing application of the Oil Backout Rule warrants FPL earning 15.6% on the equity portion of its capital invested in the 500 kV Project since the midpoint of the equity rate of return range authorized in FPL's last rate case was 15.6%.

STAFF: Rule 25-17.016(4)(e) requires the utility to use its actual cost of capital for the recovery period. In Staff's opinion, use of a 15.6% return on equity overstates FPL's cost of equity capital and is therefore inappropriate at this time. In the absence of testimony, Staff believes that the reduced equity return of 13.6%, used for this utility in the tax savings docket, is appropriate and more closely approximates the utility's actual cost of capital.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

7. ISSUE: What test did the Commission prescribe in Order No. 11217 to determine, pursuant to Rule 25-17.16(3)(a)1 (the Oil Backout Rule), if the primary purpose of the project was the economic displacement of oil fired generation? (FPL)

FIPUG: Due to dramatic changes in the circumstances which were projected at the time of FPL's application, the test which the Commission applied in 1982 has no relevancy to today's conditions. The changed conditions include the significant reduction in actual oil prices from those projected in 1982; a dramatic narrowing in the differential between the cost of oil and coal; FPL's extension of firm purchases of Southern capacity beyond the 1992 time frame; current projections of load growth by FPL that indicate that the Southern purchases will be needed to serve new load growth; indications that FPL will need additional capacity of its own beyond the extended Southern purchases (which means that, since all capacity is needed to serve load growth, there can be no oil displacement on FPL's system); and changes in factors influencing the in-service date and cost of the units which would have been built absent the Southern purchase. Under these changed conditions, the Commission--in order to assure that rates are reasonable--must reject FPL's static, backward-looking approach and recognize the primary capacity/reliability function the project presently provides and will continue to provide. (Pollock)

FPL: The Commission prescribed the "Primary Purpose Test" as the means of applying Section (3)(a)(1) of the Oil Backout Rule and determining whether the primary purpose of the Project was the economic displacement of oil, fired generation. The test was articulated in Order No. 11217 as follows: "In our mind, the issue is best resolved by allocating the fuel costs of the project against the fuel savings and the capacity costs of the Project against the capacity savings. We think it proper to allocate costs and benefits in this case because the Company could have purchased the coal by wire on a non-firm basis, thereby avoiding the capacity costs due Southern but also foregoing the capacity deferral benefits. If the net fuel savings exceed the cost of the project, the Company has met its burden of proof on this issue and demonstrated that the primary purpose of the project is oil

displacement. The Company has done this in Exhibit 15(j)." (Emphasis added) (Waters)

STAFF: The "Primary Purpose Test" as outlined in Order No. 11217.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

8. ISSUE: Does the Project still pass the Primary Purpose Test Today, updating for actual oil prices? (FPL)

FIPUG: For the reasons stated in response to Issue 7, the original exercise is irrelevant. Even if it were applicable, however, the project would not now pass. FPL has understated the transmission line's revenue requirements (by using the project value net of accelerated depreciation) and has overstated savings (by continuing the 1982 assumption that Martin 3 would have been needed in 1987).

FPL: Yes, and this is uncontested. Mr. Waters' Document No. 4 shows that the Project still passes the Primary Purpose Test after accounting for much lower actual oil prices than originally projected. Thus, the primary purpose of the Project is still the economic displacement of oil. Even Mr. Pollock acknowledges in his direct testimony that the Project still passes the Primary Purpose Test. (Waters)

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

9. ISSUE: Under the Oil Backout Rule is a post qualification change in oil prices grounds for "disqualifying" a project or ceasing recovery of a project through the Oil Backout Cost Recovery Factor? (FPL)

FIPUG: The Commission has an overriding statutory obligation to assure that rates remain reasonable, and a demonstrated ability to revisit actions when warranted by

changes in circumstances which affect the reasonableness of rates or the propriety of perpetuating past decisions. The backout rule is not an exception to these requirements; instead, it must be interpreted and applied in light of them. Further, the difference in oil prices is but one of the changes in circumstances which warrant termination of the oil backout charge. Others include changes in load growth and in the duration and function of the Southern purchases.

FPL: No. It is clear from statements by Staff, other parties and Commissioners that once a project qualified under the Rule, the Company is to be allowed to continue to recover costs through the Factor regardless of a change in future oil prices. This intention is also reflected in the Oil Backout Rule. (Waters)

STAFF: No.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

10. ISSUE: Are there changed circumstances that warrant discontinuing recovery of the Project and associated power purchases through the Oil Backout Cost Recovery? (FPL)

FIPUG: Yes. The oil backout mechanism was an extraordinary response to extraordinary conditions--the high and rising cost of oil relative to coal. FPL invites the Commission to take the "ostrich approach" to regulation; that is, focus on the expectations of 1982, and hide from the events, developments and realities of seven years. The circumstances envisioned in 1982 simply have not been realized. To suggest that radically different factors bearing on relative fuel prices, the in-service date of deferred capacity, and load growth do not constitute a scenario fundamentally different from the one envisioned when the surcharge was approved is not credible. (Pollock)

FPL: No. FIPUG's alleged change circumstances are either irrelevant or inconsistent with the Commission's original qualification determination. While actual oil prices have been lower than projected, the Project will economically

displaces oil and passes the Primary Purpose Test. In addition, it has always been recognized that beginning in 1987 the Project would have capacity deferral benefits and the Unit Power Sales ("UPS") purchases would be used to meet some load growth. This is not a changed circumstance, this is simply a realization of FPL's original projections. The important fact, that the net fuel savings of the Project exceed Project revenue requirements over the initial ten years, remains unchanged. There are no changed circumstances that warrant discontinuing recovery of the Project and associated power purchases through the Factor. (Waters)

STAFF: No.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

11. ISSUE: Were the Martin Coal Units 3 and 4 deferred as a result of the Project and the original UPS purchases? (FPL)

FIPUG: The issue, as framed, mentions both the project and the original UPS purchases. The project was committed and would have been built regardless of whether it qualified under the oil backout rule. It is true that Martin 3 and 4 were planned at the time the contract was entered; however, changes in circumstances occurred which would have deferred the need for Martin 3 (the first unit) until at least 1991 even if the original purchase had not been made. The in-service date was affected to the extent that FPL could have pursued lower costs and could have assessed emerging technologies (as its witness expressly hoped in 1982). For these reasons, the 1982 assumptions as to timing and cost cannot be applied.

FPL: Yes. The removal of the Martin units from FPL's generation expansion plans from late 1985 onward is irrelevant to this issue. The Martin Coal Units indisputably were deferred by the Project and the UPS purchases. Without the Project and the UPS purchases, the Martin Coal Units would have been built. From 1982 through 1988 they were the most economical choice to meet capacity needs if the Project had not been built and the

UPS purchases had not been made. The deferral of the Martin Units by the Project and subsequent lower oil and gas prices have allowed FPL to plan to employ advanced technologies to meet load growth in the mid 1990s. This is an additional benefit from the Project originally anticipated but not quantified in Expected Net Savings. Nonetheless, these additional Project benefits are real. (Waters)

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

12. ISSUE: Are the capacity deferral benefits of the Martin Coal Units appropriately included in the calculation of Actual Net Savings of which two thirds are recovered as additional depreciation on the 500 kV line? (FPL)

FIPUG: No. As Jeffrey Pollock has established, the capacity would not have been needed prior to 1991. With that timing shift, FPL would have had the opportunity to realize lower cost parameters or better technologies-- which, said FPL witness Scalf in 1982, were the very objectives which justified deferral in the first place. The use of the 1987 and 1988 in-service date for Martin Units 3 and 4 is the most injurious example of FPL's static, 1982-based approach to the implementation of the Commission's original decision. (Pollock)

FPL: Yes. The Martin Coal Units were clearly deferred by the Project. Without the Project and UPS purchases, they would have been built and in service by 1987 and 1988. Because they were deferred FPL's customers have not had to pay the units' revenue requirements, only UPS capacity payments. In calculating Actual Net Savings, 2/3 of which are recovered through the Factor, as additional depreciation on the 500 kV line, it is proper to recognize all Project savings (net fuel savings and capacity deferral savings) and all Project costs (UPS energy and capacity costs as well as foregone Martin fuel savings). Any resulting net savings are recovered as additional depreciation on the 500 kV line. FPL is not recovering through the Factor any return on units it has not built. (Waters).

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

13. ISSUE: Are there any oil backout Project tax savings due to the change in the federal corporate income tax rate? (FPL)

FIPUG: As framed, this issue misstates the issue raised by FIPUG's petition. The injury occurs--not in the tax rate applied by FPL in developing project revenue requirements--but by the use of 15.6% as the return on equity. FPL has refused to apply its tax savings "offer" of 13.6% ROE to the oil backout project, thereby lowering customers' tax savings refunds and giving misleading, understated indications of its overall earned rate of return. FPL has acknowledged that, if it had incorporated the oil backout investment, revenues, and expenses in the derivation of the 1987 tax savings refund, the refund would have been higher by \$5.1 million. (Pollock)

FPL: No. Consistent with the Oil Backout Rule, FPL has only collected "actual tax expense" through the Factor. When the corporate income tax rate was lowered, FPL reflected this in its oil backout filings. There are no oil backout Project tax savings.

STAFF: There are no tax savings associated with the oil backout project. However, Rule 25-17.016(4)(e) requires the utility to use its actual cost of capital for the recovery period. In Staff's opinion, use of a 15.6% return on equity overstates FPL's cost of equity capital and is therefore inappropriate at this time. In the absence of testimony, Staff believes that the reduced equity return of 13.6%, used for this utility in the tax savings docket, is appropriate and more closely approximates the utility's actual cost of capital.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

14. ISSUE: Has FPL kept the Commission apprised of FPL's oil backout Project? (FPL)

FIPUG: As framed, this "issue is irrelevant to the matters raised by FIPUG's petition. FIPUG maintains that the issue is not the omission of reports, but the appropriate response to the reports submitted. Continuation of the oil backout factor and the allowance of accelerated depreciation under the evident circumstances is unjust and unreasonable.

FPL: Yes. Since oil backout recovery of the Project was originally approved, the Commission has reviewed the Project's recovery every six months at an evidentiary hearing. In addition, the Commission Staff has audited FPL's oil backout filing every six months since April 1985. In the August 1984 oil backout hearing, extensive late filed exhibits were filed supplementing FPL's regular reporting. Also in 1984, a roll in of oil backout cost recovery into base rates was considered and denied by the Commission in FPL's rate case. In 1986 and 1987 summary reports of the Project were submitted to the Commission. In addition, when FPL began reflecting Actual Net Savings for the Project and began recovering additional depreciation in 1987, this was clearly reflected in FPL's filings. (Waters)

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

15. ISSUE: Did FPL consider OBO revenue in calculating income tax refunds to its customers in 1987 and 1988? (FIPUG)

FIPUG: No.

FPL: As the Commission was made aware in the 1987 tax savings refund proceeding, FPL did not consider oil backout revenues in calculating its 1987 and 1988 tax savings refunds to customers. This is consistent with Commission policy and Commission rules. More importantly, because FPL only recovers actual income tax expense reflecting current income tax rates through the Oil

Backout Cost Recovery Factor, there are no oil backout tax savings to refund due to the change in the federal corporate income tax rate.

STAFF: No.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

16. ISSUE: Should FPL be required to refund these tax savings to customers? (FIPUG)

FIPUG: FPL has utilized the oil backout mechanism as a device to diminish the tax savings refund received by customers. By failing to apply the "offered" 13.6% ROE to this component of its operations, FPL has also understated its actual realized rate of return. FPL's rationale for withholding the application of the lower ROE is that the project is not a part of the company's rate base. FIPUG disagrees that this is a legitimate basis for excluding the oil backout investment and revenues from the tax savings calculation and regards the practice as nothing more than a "partial offer." In granting FIPUG's petition to require base rate recovery of the costs of the project, the Commission would remove any basis for exclusion. In its order, the Commission should direct FPL to include the oil backout investment, revenues and expenses in any pending and future tax savings refund determinations.

FPL: What tax savings? Since FPL has only recovered through the Oil Backout Cost Recovery Factor actual tax expense reflecting current income tax rates, there are no oil backout tax savings to refund.

STAFF: There are no tax savings from oil backout to refund. However, if 13.6% is determined to be the appropriate ROE, as Staff has proposed herein, additional funds will be due to ratepayers.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

ISSUES OF LAW

17. ISSUE: Once the Florida Public Service Commission has approved a project as an oil backout project is it required to continue to collect all costs associated with the project through an oil backout surcharge if circumstances change and the originally projected savings do not materialize? (FIPUG)

FIPUG: No. The Commission reserved the opportunity to review FPL's oil backout project every six months and Rule 25-14.016(4)(d), F.A.C., contemplates that "normally the remaining unrecovered cost of the qualified oil backout project shall be rolled into the utilities base rates without altering the depreciation period at the utility's next rate base filing and cost recovered for the qualified oil backout project through the Oil Backout Cost Recovery Factor shall terminate ..." At the time FPL's oil backout project was approved and the rule was adopted, all utilities were having frequent base rate increases. It would appear that the rule did not contemplate long term application of the Oil Backout Cost Recovery Factor. This is especially unwarranted now that facts have materially changed.

FPL: Yes. This approach is consistent with the Oil Backout Rule, 25-17.016, F.A.C. The Commission's original intent, articulated throughout FPL's qualification proceeding, the oil backout rule amendment proceeding, and FPL's initial oil backout cost recovery proceeding, was that once a project was qualified, it would continue to be recovered through the Oil Backout Cost Recovery Factor unless and until the remaining unrecovered cost of the Project was rolled into the utility's base rates in a utility's base rate filing. This is specifically stated in Subsection (4)(d) of the Oil Backout Rule. In addition, under that same subsection, even if the recovery of project costs is rolled into base rates, two-thirds of the Project's actual net savings are to continue to be recovered as revenues through the Factor and taken as additional depreciation until the Project is fully depreciated.

In establishing this policy and codifying it in the Oil Backout Rule, the Commission was aware that the

projections on which the qualification decision was made might deviate from actual experience. Nonetheless, even with this knowledge that the circumstances might change and savings might not materialize, the Commission adopted the Oil Backout Rule and approved projects. It would be inconsistent with the Oil Backout Rule and prior Commission pronouncements to discontinue recovery through the Factor of Project costs due to changed circumstances.

It would be particularly unfair to FPL for the Commission to make such a policy change now since FPL requested the roll over of Project cost recovery into base rates in its 1984 rate case, and the Commission denied the request, opting for continuing recovery through the Factor.

STAFF: Yes. Rule 25-17.016(4)(d) provides that once an oil backout project is approved, the utility's costs "shall continue to be recovered through the Oil-Backout Cost Recovery Factor until such time as they are included in the base rates of the utility." Thus, although the rule allows for a change in the type of recovery during the course of the used and useful life of the project (from oil backout cost recovery to rate base recovery), the rule does not provide for discontinuance of the project.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

18. ISSUE: As a matter of law, can the Florida Public Service Commission place an accelerated depreciation surcharge on present customers to require them to pay the full cost of transmission facilities which are being used to provide reliability and capacity in three or four years when the facilities will be in use and useful service for more than 25 years? (FIPUG)

FIPUG: Section 366.07, F.S., provides that whenever the Commission finds rates to be unreasonably discriminatory or preferential, it shall revise the rates. In light of diminished fuel savings which are inadequate to justify the present extraordinary energy charge, it is discriminatory to ask present customers to pay the full

cost of a plant that will have a useful life for the next generation of ratepayers.

The income tax normalization procedure utilized by the Commission requires present customers to pay income taxes in excess of the utility's present tax liability to ensure that today's customers do not get the benefit of accelerated depreciation to the detriment of future customers. A logical corollary to this procedure would be to prohibit a utility from charging today's customers the full cost of facilities which will be used for 25 years.

FPL: This issue is a direct attack on the Oil Backout Rule. FIPUG has waived its right to raise this issue by failing to challenge the Rule or appeal the Commission's adoption of the Rule. This issue should not be addressed in this proceeding. There is nothing unfair, unreasonably discriminatory or unduly preferential regarding the Oil Backout Rule or its application to FPL. The customers paying revenues which have been taken as accelerated depreciation on the Project have enjoyed significant savings as a result of the Project. The Oil Backout Rule simply authorizes the sharing of those savings until the Project is fully depreciated. In fact, even with allowing FPL to recovery revenues and take accelerated depreciation equal to two-thirds of the Project's actual savings, current and past customers have benefited from construction of the Project and are better off than they would have been if the Project had not been built. Now that the Project is fully depreciated, customers will benefit even more.

STAFF: Yes, pursuant to Rule 25-17.016.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

19. ISSUE: Is there any legal basis for charging customers costs associated with utility generating plants that have not been built, are not under construction and are not presently projected to be built? (FIPUG)

FIPUG: Charging present customers costs associated with phantom plants is expressly precluded by the provisions of Section 366.06, F.S.

FPL: This so-called issue is totally irrelevant. The factual premise included in this issue is erroneous and cannot be established. There is no recovery of costs of unbuilt generating plants through the Oil Backout Cost Recovery Factor. FPL does recover and take as accelerated depreciation costs associated with its 500 kV Project. The Project is undeniably used and useful and properly subject to recovery under Section 366.06, Florida Statutes.

STAFF: Agree with FPL. In addition, the "avoided unit" rationale is the same as that used in setting avoided capacity payments for cogenerators.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

20. ISSUE: Does collection of capacity charges in excess of fuel savings through a fuel cost recovery charge comply with the law? (FIPUG)

FIPUG: No.

FPL: Yes. Recovery of purchased power capacity charges through a fuel cost recovery charge is permissible and within the Commission's regulatory discretion regardless of the level of fuel savings. It is certainly consistent with long standing Commission practice.

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

21. ISSUE: Does Rule 25-17.016(6), F.A.C., require the discontinuance of the OBCRF when the transmission line costs are fully recovered? (FIPUG)

FIPUG: Yes. Apparently this will be October, 1989, unless the Commission grants FIPUG's petition that accelerated depreciation charges be refunded.

FPL: Yes. However, the costs of FPL's Project will not be fully recovered when the Project is fully depreciated in August, 1989. There will continue to be Project costs

such as operating and maintenance expenses, property taxes and a return requirement on nondepreciable land and prepaid Project income taxes.

STAFF: No. The transmission line itself is only one component of the entire project. In any event, oil backout cost recovery of project costs should not be discontinued until such time as they are included in rate base.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

22. ISSUE: Whether the doctrines of res judicata and administrative finality preclude FIPUG's challenge to continued recovery of the Project and associated purchased power costs through the Factor? (FPL)

FIPUG: No. Where changes in circumstances render the continuation of the Commission's earlier ratemaking decision unreasonable and unwarranted, the Commission has the ability and the obligation to modify its earlier action. In its original order the PSC reserved jurisdiction to adjust the oil backout rate based on current evidence.

FPL: Yes.

STAFF: Yes, insofar as FIPUG attempts to discontinue such recovery without substitution of rate base recovery.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

23. ISSUE: Whether FIPUG's requested relief of ceasing recovery of the Project and associated purchased power costs through the Factor is inconsistent with Rule 25-17.016 and therefore not permitted by Section 120.68(12)(b), Florida Statutes? (FPL)

FIPUG: No. FIPUG's action is not inconsistent with the rule. Even if the rule did not contemplate periodic review of the oil backout rate, Rule 25-17.016 must be

construed and interpreted in light of the Legislature's requirement that rates be reasonable, and that the Commission prospectively fix reasonable rates when existing rates are demonstrated to be unreasonable. Because the Commission has no authority to adopt a rule which would contravene this mandate, there is no inconsistency and Section 120.68(12)(b), Florida Statutes, is inapplicable.

FPL: Yes.

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

24. ISSUE: Whether FIPUG's requested relief of ceasing recovery of the Project and associated purchased power costs through the Factor is premised on an impermissible test employing hindsight rather than judging circumstances as they existed at the time recovery was authorized? (FPL)

FIPUG: No. With respect to recovery of the revenue requirements of the line, FIPUG requests only that the oil backout surcharge be eliminated prospectively and the requirements recovered through base rate mechanisms prospectively, as is appropriate when modifying a decision to reflect changes in circumstances. With respect to the claim of "deferral benefits" which led to an improper collection of revenues for accelerated depreciation, the commission specifically deferred and reserved the issue of the appropriate quantification of deferral benefits when it decided to allow them in the formula. With respect to both, the Commission has advanced--and the Supreme Court of Florida has upheld--the proposition that continuing jurisdiction to review and adjust collections is a legal quid pro quo for the utility's ability to employ ongoing cost recovery clauses.

FPL: Yes.

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

25. ISSUE: May the Commission revisit project qualification under the Oil Backout Rule and cease recovery of an oil backout project? (FPL)

FIPUG: FIPUG does not contest the original qualification of the oil backout project in this proceeding. Because changes in circumstances render the oil backout component of the rate structure presently unreasonable and unjust to customers, it should be terminated in a manner that will not be prejudicial to the utility.

FPL: No.

STAFF: No. Absent fraud or a similar occurrence which would void the initial proceeding, and absent the substitution of rate base recovery, oil backout cost recovery must continue.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

26. ISSUE: Whether FIPUG's argument that the recovery of oil backout project costs through an energy based charge is unfair and unduly discriminatory is barred by the doctrines of res judicata and administrative finality? (FPL)

FIPUG: No.

FPL: Yes.

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

27. ISSUE: Whether FIPUG's requested relief to discontinue recovery of oil backout project costs in an energy based oil backout charge is inconsistent with Rule 25-17.016 and therefore not permitted by Section 120.68(12)(b), Florida Statutes? (FPL)

FIPUG: No.

FPL: Yes.

STAFF: Yes, absent inclusion of the project in rate base.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

28. ISSUE: Whether FIPUG has waived its ability to challenge or is estopped from challenging the use of the Martin Coal units in calculating deferred capacity savings to be used in the calculation of Actual Net Savings since they have in three prior proceedings, in which they were a party, failed to raise the issue, not objected to stipulated Factors and failed to request reconsideration? (FPL)

FIPUG: No. A corollary to the Commission's established authority to review past collections of revenues under ongoing adjustment clauses is the right and ability of an affected party to invoke that authority through an appropriate showing.

FPL: Yes.

STAFF: Yes. FIPUG waived any objection for those periods. However, this issue is irrelevant. Had FIPUG objected in any of the three prior proceedings in which deferred capacity savings were calculated using the deferred Martin Coal units, the Rule would have required the same result: once approved, recovery of the project continues.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

29. ISSUE: Whether the requested refund of oil backout revenues would constitute illegal retroactive ratemaking? (FPL)

FIPUG: No. The Supreme Court of Florida has upheld the authority of the Commission to adjust or disallow past revenues collected through the mechanism of an ongoing adjustment clause. Further, the refund sought by FIPUG would not deny recovery of any of the revenue requirements

associated with the project. If accelerated depreciation is reversed and those monies are refunded, the undepreciated value of the investment will be built back up accordingly, and recovered over a proper period of time.

FPL: Yes.

STAFF: Yes.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

30. ISSUE: Whether FIPUG's argument that FPL cost estimates for the Martin Coal units are overstated should be heard? (FPL)

FIPUG: The issue of the Martin coal unit cost estimates is appropriately raised in this docket because:

1. FPL assumes, without support that these units would have been built and in operation in 1987 and 1988, respectively.
2. Had the units been deferred subsequent to 1982 because of declining peak load forecasts, the cost of constructing these units might have been substantially affected due to refinements in the cost estimates and changes in the construction.
3. FPL has not shown that construction of these units for 1987 and 1988 in-service date would have been necessary and that these units would have been the least cost alternatives had FPL had entered into the UPS agreements in 1988.
4. FIPUG's petition alleged that the use of the Martin plants as the basis for unit deferral was inappropriate and the claimed deferral benefits

illusory. Mr. Pollock's observations concerning timing of the need for capacity and appropriateness of cost parameters constitute further aspects of this fundamental contention.

FPL: No. This argument appears for the first time in Mr. Pollock's testimony. It was not raised in FIPUG's Petition, so it is not within the scope of the hearing. In addition, FIPUG has previously waived this issue due to its lack of diligence in raising this issue in at least three proceedings where FIPUG was a party and chose not to raise the issue. As a defensive measure, FPL has responded to this new allegation in its rebuttal testimony, but its doing so should not be construed as a waiver of its position that this issue is improper.

STAFF: No.

OPC: Public Counsel adopts and supports FIPUG's position on this issue.

STIPULATED ISSUES

There are no known stipulations.

MOTIONS

There are no known motions.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

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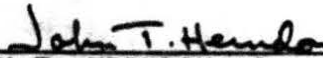
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By ORDER of Commissioner John T. Herndon, as Prehearing
Officer, this _____ day of _____, _____.



JOHN T. HERNDON, Commissioner
and Prehearing Officer

(S E A L)

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