

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

June 9, 1994

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING [TRIBBLE]  
FROM : DIVISION OF ELECTRIC AND GAS [DUDLEY, BERG, BASS] <sup>KD. WBB</sup> *Red OK*  
DIVISION OF LEGAL SERVICES [BROWN] <sup>MCB mp</sup> *JDJ*  
RE : DOCKET NO. 940001-EI - PETITION OF TAMPA ELECTRIC COMPANY  
FOR ADJUSTMENT TO ITS FUEL ADJUSTMENT FACTORS.  
AGENDA: 6/21/94 - REGULAR AGENDA - TARIFF FILING - INTERESTED  
PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\EAG\WP\940001.BCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Tampa Electric Company's petition to reduce its levelized fuel recovery factor from 2.894 ¢/kWh to 2.473 ¢/kWh?

RECOMMENDATION: Yes. The Commission should approve the decreased fuel factor of 2.473 ¢/kWh effective for meter readings scheduled to be read on or after July 1, 1994 and continuing through September 1994.

STAFF ANALYSIS: On May 31, 1994, Tampa Electric Company (TECO) filed a petition for adjustment to its currently authorized levelized fuel adjustment factor for the period April 1994 through September 1994. The calculation of TECO's April through September fuel adjustment factor approved at the March hearings included a projected underrecovery of \$13,698,115. Actual data now available for October 1993 through April 1994 and revised projections for May through September 1994 indicate a total overrecovery of approximately \$17 Million by the end of the current recovery period, or a \$30 Million difference in the estimate included in the current fuel adjustment factor.

DOCUMENT NUMBER-DATE

05691 JUN-94

FPSC-RECORDS/REPORTING

Docket No. 940001-EI  
June 9, 1994

Although the expected period-ending overrecovery will not exceed the Commission's 10% threshold for mid-course corrections (Order No. 13694, Docket No. 840001-EI, issued September 20, 1984), TECO is proposing to reduce its fuel adjustment cost recovery factor effective with the first billing cycle in July 1994 to avoid having its customers contributing to an overcollection and to avoid a significant change in customer bills as a result of the substantial overrecovery.

The projected overrecovery is due to an increase in sales, a greater projected reliance on generation by coal due to plant operations and lower than expected fuel prices.

We note that there has been no prudence review of TECO's fuel estimates and expenditures and we do not necessarily agree or disagree with TECO's figures at this time. However, one of the purposes of mid-course corrections as described in Order No. 13694 is to assure a levelized fuel adjustment and avoid rate shock ratepayers experience when factors are adjusted. It is, therefore, in the best interest of the ratepayers to approve the mid-course correction without the prudence review which will take place during the August 1994 hearings.

Staff has reviewed the factors derived for TECO's various rate classes and we have found them to be calculated using the same methods that have been accepted in the past. Attachment A of this recommendation reflects the levelized, on-peak and off-peak factors for each class and compares bills for 1,000 kWh of residential consumption before and after this fuel factor adjustment.

TECO has requested an effective date beginning with meter readings scheduled to be read on or after July 1, 1994. Although this effective date falls short of the normal 30-day notice requirement, Staff believes that such treatment is warranted given the magnitude of the projected overrecovery. Staff believes that TECO's customers should begin receiving the fuel charge reduction at the earliest practicable time. Based on the foregoing, Staff recommends that the Commission approve TECO's reduced fuel adjustment factor of 2.473 ¢/kWh effective for meter readings scheduled to be read on or after July 1, 1994.

**TOTAL FUEL COST FOR THE PERIOD:** July 1994 - September 1994  
**NOTE:** This schedule reflects a mid-course correction for Tampa Electric Company effective July 1, 1994.

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| COMPANY                | PROPOSED<br>July 1994 - September 1994 |         |          | PRESENT<br>April 1994 - September 1994 |         |          | DIFFERENCE |         |          | RESIDENTIAL<br>LINE LOSS<br>MULTIPLIER | PROPOSED<br>RESIDENTIAL<br>FUEL<br>FACTOR |
|------------------------|--|---------|----------|--|---------|----------|------------|---------|----------|--|---|
|                        | Levelized                              | On/Peak | Off/Peak | Levelized                              | On/Peak | Off/Peak | Levelized  | On/Peak | Off/Peak |  |   |
| Fla. Power & Light (5) | 1.488                                  | 1.633   | 1.415    | 1.488                                  | 1.633   | 1.415    | -0.000     | 0.000   | 0.000    | 1.00161                                | 1.490                                     |
| Fla. Power Corp.       | 1.968                                  | 2.692   | 1.587    | 1.968                                  | 2.692   | 1.587    | 0.000      | 0.000   | 0.000    | 1.00380                                | 1.975                                     |
| Tampa Electric         | 2.473                                  | 3.791   | 2.444    | 2.894                                  | 2.946   | 2.346    | -0.421     | 0.845   | 0.098    | 1.00640                                | 2.489                                     |
| Gulf Power             | 2.158                                  | 2.253   | 2.113    | 2.158                                  | 2.253   | 2.113    | 0.000      | 0.000   | 0.000    | 1.01228                                | 2.185                                     |
| <b>Fla. Public</b>     |  |         |          |  |         |          |            |         |          |  |   |
| Marianna (1)           | 4.658                                  | NA      | NA       | 4.658                                  | NA      | NA       | -0.000     | NA      | NA       | 1.01260                                | 4.717                                     |
| Fernandina (1)(2)      | 5.308                                  | NA      | NA       | 5.308                                  | NA      | NA       | 0.000      | NA      | NA       | 1.00000                                | 5.308                                     |

**COST FOR 1,000 KWH RESIDENTIAL SERVICE**

PRESENT: April 1994 - September 1994

|                             | Fla. Power & Light | Fla. Power Corp. | Tampa Electric (5) | Gulf Power (6) | Florida Public Utilities |                |
|-----------------------------|--------------------|------------------|--------------------|----------------|--------------------------|----------------|
|                             |                    |                  |                    |                | Marianna (7)             | Fernandina     |
| Base                        | 47.38              | 49.05            | 51.92              | 43.25          | 20.43                    | 19.20          |
| Fuel (3)                    | 14.90              | 19.75            | 29.13              | 21.85          | 47.17                    | 53.08          |
| Oil Backout                 | 0.12               | NA               | 0.73               | NA             | NA                       | NA             |
| Energy Conservation         | 2.43               | 4.40             | 1.85               | 0.26           | 0.12                     | 0.06           |
| Environmental Cost Recovery | 0.12               | N/A              | N/A                | 1.48           | N/A                      | N/A            |
| Capacity Recovery           | 5.64               | 5.11             | 2.05               | 0.31           | NA                       | NA             |
| Gross Receipts Tax (4)      | 0.72               | 2.01             | 2.20               | 0.69           | 1.74                     | 0.74           |
| <b>Total</b>                | <b>\$71.31</b>     | <b>\$80.32</b>   | <b>\$87.88</b>     | <b>\$67.84</b> | <b>\$69.46</b>           | <b>\$73.08</b> |

PROPOSED: July 1994 - September 1994

|                             | Fla. Power & Light | Fla. Power Corp. | Tampa Electric | Gulf Power     | Florida Public Utilities |                |
|-----------------------------|--------------------|------------------|----------------|----------------|--------------------------|----------------|
|                             |                    |                  |                |                | Marianna                 | Fernandina     |
| Base                        | 47.38              | 49.05            | 51.92          | 43.25          | 20.43                    | 19.20          |
| Fuel (3)                    | 14.90              | 19.75            | 24.89          | 21.85          | 47.17                    | 53.08          |
| Oil Backout                 | 0.12               | NA               | 0.73           | NA             | NA                       | NA             |
| Energy Conservation         | 2.43               | 4.40             | 1.85           | 0.26           | 0.12                     | 0.06           |
| Environmental Cost Recovery | 0.12               | N/A              | N/A            | 1.48           | N/A                      | N/A            |
| Capacity Recovery           | 5.64               | 5.11             | 2.05           | 0.31           | NA                       | NA             |
| Gross Receipts Tax (4)      | 0.72               | 2.01             | 2.09           | 0.69           | 1.74                     | 0.74           |
| <b>Total</b>                | <b>\$71.31</b>     | <b>\$80.32</b>   | <b>\$83.53</b> | <b>\$67.84</b> | <b>\$69.46</b>           | <b>\$73.08</b> |

**DIFFERENCE**

|                             | Fla. Power & Light | Fla. Power Corp. | Tampa Electric | Gulf Power  | Florida Public Utilities |             |
|-----------------------------|--------------------|------------------|----------------|-------------|--------------------------|-------------|
|                             |                    |                  |                |             | Marianna                 | Fernandina  |
| Base                        | 0.00               | 0.00             | 0.00           | 0.00        | 0.00                     | 0.00        |
| Fuel (3)                    | 0.00               | 0.00             | -4.24          | 0.00        | 0.00                     | 0.00        |
| Oil Backout                 | 0.00               | NA               | 0.00           | NA          | NA                       | NA          |
| Energy Conservation         | 0.00               | 0.00             | 0.00           | 0.00        | 0.00                     | 0.00        |
| Environmental Cost Recovery | 0.00               | N/A              | N/A            | N/A         | N/A                      | N/A         |
| Capacity Recovery           | 0.00               | 0.00             | 0.00           | 0.00        | NA                       | NA          |
| Gross Receipts Tax (4)      | 0.00               | 0.00             | -0.11          | 0.00        | 0.00                     | 0.00        |
| <b>Total</b>                | <b>0.00</b>        | <b>0.00</b>      | <b>-4.35</b>   | <b>0.00</b> | <b>0.00</b>              | <b>0.00</b> |

(1) Fuel costs include purchased power demand costs of 1.889 for Marianna and 1.452 cents/KWH for Fernandina allocated to the residential class. (2) All classes except GSLD. (3) Adjusted for line loss. (4) Additional gross receipts tax is 1% for Gulf, FPL, and FPUC-Fernandina. FPC, TECO and FPUC-Marianna have removed GRT from rates. The entire 2.5% is thus shown separately. (5) TECO present rates reflect a rate increase effective January 1, 1994 resulting from Docket No. 920324-EL. (6) Gulf Power present rates reflect \$1.48 increase because of the Environmental Cost Recovery Clause, Docket No. 930613, effective February 1, 1994. (7) FPUC-Marianna rate reflect an increase effective February 1994, resulting from Docket No. 930400-EL.

FUEL ADJUSTMENT CENTS PER KWH BASED ON LINE LOSSES BY RATE GROUP

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FOR THE PERIOD: July 1994 - September 1994

| COMPANY | GROUP      | RATE SCHEDULES                                 | WITHOUT LINE LOSS MULTIPLIER |           |          | LINE LOSS MULTIPLIER | WITH LINE LOSS MULTIPLIER |           |          |    |
|---------|------------|--|------------------------------|-----------|----------|----------------------|---------------------------|-----------|----------|----|
|         |            |  | Levelized                    | * On/Peak | Off/Peak |                      | Levelized                 | On/Peak   | Off/Peak |    |
| FP&I    | A          | RS-1, RST-1, OST-1, OS-1, SL-2                 | 1.488                        | 1.633     | 1.415    | 1.00161              | 1.490                     | 1.636     | 1.417    |    |
|         | A-1        | SL-1, OL-1                                     | 1.450                        | NA        | NA       | 1.00161              | 1.452                     | NA        | NA       |    |
|         | B          | OSD-1, OSDT-1                                  | 1.488                        | 1.633     | 1.415    | 1.00155              | 1.490                     | 1.636     | 1.417    |    |
|         | C          | OSLD-1, OSLDT-1, CS-1, CST-1                   | 1.488                        | 1.633     | 1.415    | 1.00066              | 1.488                     | 1.634     | 1.416    |    |
|         | D          | OSLD-2, OSLDT-2, CS-2, CST-2, OS-2, OLET       | 1.488                        | 1.633     | 1.415    | 0.99449              | 1.480                     | 1.624     | 1.407    |    |
|         | E          | OSLD-3, CS-3, OSLDT-3, CST-3, CILC-3, RST-1(T) | 1.488                        | 1.633     | 1.415    | 0.96430              | 1.435                     | 1.575     | 1.365    |    |
|         | F          | CILC-1(D), JSST-1(D)                           | NA                           | 1.633     | 1.415    | 0.99643              | NA                        | 1.627     | 1.410    |    |
| FPC *   | A          | Distribution Secondary Delivery                | 1.968                        | 2.692     | 1.587    | 1.00180              | 1.975                     | 2.702     | 1.590    |    |
|         | A-1        | OL-1, SL-1                                     | 1.793                        | NA        | NA       | 1.00180              | 1.800                     | NA        | NA       |    |
|         | B          | Distribution Primary Delivery                  | 1.968                        | 2.692     | 1.587    | 0.98260              | 1.934                     | 2.645     | 1.550    |    |
|         | C          | Transmission Delivery                          | 1.960                        | 2.692     | 1.587    | 0.97250              | 1.914                     | 2.618     | 1.540    |    |
| TECO    | A          | RS, OS, TS                                     | 2.473                        | 3.240     | 2.089    | 1.00640              | 2.489                     | 3.261     | 2.102    |    |
|         | A-1        | SL-1, 2, 3, OL-1, 2                            | 2.262                        | NA        | NA       | 1.00540              | 2.276                     | NA        | NA       |    |
|         | B          | OSE, OSLD                                      | 2.473                        | 3.240     | 2.089    | 1.00120              | 2.476                     | 3.244     | 2.092    |    |
|         | C          | IS-1, IS-3                                     | 2.473                        | 3.240     | 2.089    | 0.97210              | 2.404                     | 3.150     | 2.031    |    |
| GULF    | A          | RS, OS, OSD, OS-III, OS-IV                     | 2.158                        | 2.253     | 2.113    | 1.01228              | 2.185                     | 2.281     | 2.159    |    |
|         | B          | LP   | 2.158                        | 2.253     | 2.113    | 0.98106              | 2.117                     | 2.219     | 2.079    |    |
|         | C          | PX   | 2.159                        | 2.253     | 2.113    | 0.96230              | 2.077                     | 2.168     | 2.033    |    |
|         | D          | OS-1, OS-2                                     | 2.125                        | NA        | NA       | 1.01228              | 2.151                     | NA        | NA       |    |
| FPUC    | Fernandina | A  | RS                           | 5.308     | NA       | NA                   | 1.00000                   | 5.308     | NA       | NA |
|         |            | B  | OS                           | 5.042     | NA       | NA                   | 1.00000                   | 5.042     | NA       | NA |
|         |            | C  | OSD                          | 4.853     | NA       | NA                   | 1.00000                   | 4.853     | NA       | NA |
|         |            | D  | OL, OL-2, SL-2, SL-3, CSL    | 4.268     | NA       | NA                   | 1.00000                   | 4.268     | NA       | NA |
|         |            | E  | GILD                         |           |          |                      |                           | 4.759 (1) |          |    |
|         |            |  |                              |           |          | \$4.69/CP KW         |                           |           |          |    |
| Mariana | A          | RS   | 4.658                        | NA        | NA       | 1.01260              | 4.717                     | NA        | NA       |    |
|         | B          | OS   | 4.505                        | NA        | NA       | 0.99630              | 4.489                     | NA        | NA       |    |
|         | C          | OSD  | 4.130                        | NA        | NA       | 0.99630              | 4.115                     | NA        | NA       |    |
|         | D          | OSLD   | 3.569                        | NA        | NA       | 0.99630              | 3.555                     | NA        | NA       |    |
|         | E          | OL, OL-2                                       | 2.793                        | NA        | NA       | 1.01260              | 2.820                     | NA        | NA       |    |
|         | F          | SL-1, SL-2                                     | 2.793                        | NA        | NA       | 0.98810              | 2.760                     | NA        | NA       |    |

ATTACHMENT A

**FUEL & PURCHASED POWER COST RECOVERY  
CLAUSE CALCULATION**

DIVISION OF ELECTRIC AND GAS  
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ESTIMATED FOR THE PERIOD: July 1994 - September 1994

**TAMPA ELECTRIC COMPANY**

| CLASSIFICATION   | Classification<br>Associated<br>\$ | Classification<br>Associated<br>KWH | Classification<br>Associated<br>CENTS PER KWH |
|--|------------------------------------|-------------------------------------|---|
| 1. Fuel Cost of System Net Generation (E3)                                   | 101,904,618                        | 4,461,128,000                       | 2.28428                                       |
| 2. Spent Nuclear Fuel Disposal Cost (E3A)                                    | 0                                  | 0 (a)                               | 0.00000                                       |
| 3. Coal Car Investment   | 0                                  | 0                                   | 0.00000                                       |
| 4. Adjustments to Fuel Cost  | 0                                  | 0                                   | 0.00000                                       |
| <b>5. TOTAL COST OF GENERATED POWER</b>                                      | <b>101,904,618</b>                 | <b>4,461,128,000</b>                | <b>2.28428</b>                                |
| 6. Fuel Cost of Purchased Power - Firm (E8)                                  | 2,551,700                          | 47,582,000                          | 5.36274                                       |
| 7. Energy Cost of Sch. C(X) Economy Purchases (Broker) (E9)                  | 448,500                            | 13,567,000                          | 3.30582                                       |
| 8. Energy Cost of Economy Purchases (Non-Broker) (E9)                        | 0                                  | 0                                   | 0.00000                                       |
| 9. Energy Cost of Sch. E Purchases (E9)                                      | 0                                  | 0                                   | 0.00000                                       |
| 10. Capacity Cost of Sch. E Economy Purchases                                | 0                                  | 0 (a)                               | 0.00000                                       |
| 11. Payments to Qualifying Facilities (E8A)                                  | 3,630,000                          | 180,003,000                         | 2.01663                                       |
| <b>12. TOTAL COST OF PURCHASED POWER</b>                                     | <b>6,630,200</b>                   | <b>241,152,000</b>                  | <b>2.74939</b>                                |
| <b>13. TOTAL AVAILABLE KWH</b>   |                                    | <b>4,702,280,000</b>                |   |
| 14. Fuel Cost of Economy Sales (E7)  | 3,978,900                          | 236,441,000                         | 1.68283                                       |
| 15. Gain on Economy Sales - 80% (E7A)  | 551,600                            | 236,441,000 (a)                     | 0.23329                                       |
| 16. Fuel Cost of Schedule D Sales (E7)                                       | 2,166,600                          | 152,004,000                         | 1.42536                                       |
| 16a. Fuel Cost of Schedule G Sales (E7)                                      | 0                                  | 0                                   | 0.00000                                       |
| 17. Fuel Cost Schedule J Sales (E7)  | 212,500                            | 11,996,000                          | 1.77142                                       |
| 17a. Fuel Cost Schedule D TPI Sales (E7)                                     | 1,583,000                          | 76,749,000                          | 2.06257                                       |
| <b>18. TOTAL FUEL COST AND GAINS OF POWER SALES</b>                          | <b>8,492,600</b>                   | <b>477,190,000</b>                  | <b>1.77971</b>                                |
| 19. Net Inadvertent Interchange (E4)   | 0                                  | 0                                   |   |
| 19b. Interchange and Whoeing Losses  | 0                                  | 7,493,000                           |   |
| <b>20. TOTAL FIRM AND NET POWER TRANSACTIONS</b>                             | <b>100,042,218</b>                 | <b>4,217,597,000</b>                | <b>2.37202</b>                                |
| 21. Net Unbilled (E4)  | 825,226 (a)                        | 34,790,000                          | 0.02082                                       |
| 22. Company Use (E4)   | 199,250 (a)                        | 8,400,000                           | 0.00503                                       |
| 23. T & D Losses (E4)  | 5,016,443 (a)                      | 211,484,000                         | 0.12658                                       |
| 24. Adjusted System KWH Sales  | 100,042,218                        | 3,962,923,000                       | 2.52446                                       |
| 25. Wholesale KWH Sales  | (332,642)                          | (13,097,000)                        | 2.53983                                       |
| <b>26. JURISDICTIONAL KWH SALES</b>  | <b>99,709,576</b>                  | <b>3,949,826,000</b>                | <b>2.52440</b>                                |
| 27. Jurisdictional KWH Sales Adjusted for Line Loss - 1.00000                | 99,759,431                         | 3,949,826,000                       | 2.52567                                       |
| 28. True-up * (derived in Attachment C)                                      | (2,046,383)                        | 3,949,826,000                       | -0.05181                                      |
| 29. Pyramid Coal Contract Buyout Adjustment                                  | 0                                  | 3,949,826,000                       | 0.00000                                       |
| <b>30. TOTAL JURISDICTIONAL FUEL COST</b>                                    | <b>97,713,048</b>                  | <b>3,949,826,000</b>                | <b>2.47386</b>                                |
| 31. Revenue Tax Factor   |                                    |                                     | 1.00083                                       |
| 32. Fuel Cost Adjusted for Taxes   | 97,714,150                         |                                     | 2.47591                                       |
| 33. GPIF * (Already adjusted for taxes)                                      | (107,119)                          | 3,949,826,000                       | -0.00271                                      |
| 34. Total Fuel Cost Including GPIF   | 97,687,031                         | 3,949,826,000                       | 2.47300                                       |
| <b>35. TOTAL FUEL COST FACTOR ROUNDED TO THE NEAREST .001 CENTS PER KWH:</b> |                                    |                                     | <b>2.473</b>                                  |

\*Based on Jurisdictional Sales  
Effective date for billing purposes:

(a) Included for informational purposes only.