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February 9, 1995

VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Florida Public Service Commission
Division of Records & Recording
101 East Gaines Street, Room 107
Tallahassee, FL 32399-0870

Re: Docket No. 950001-E1
In Re: Fuel and Purchased Power Cost Recovery Clause and
Generating Performance Incentive Factor

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Steel Corporation are the following:

- 01572-95 1. A copy of the Notice of Service of Florida Steel Corporation's Third Request for Production to Florida Power & Light Company (Nos. 14 - 19);
- 01573-95 2. A copy of the Notice of Service of Florida Steel Corporation's Third Set of Interrogatories to Florida Power & Light Company (Nos. 15 - 16); *of 1/2 stnd*
- 01574-95 3. A copy of the Cross-Notice of Taking Deposition;
- 4. An original and 15 copies of Florida Steel Corporation's Prehearing Statement for filing with the Commission; and
- 01575-95 5. A diskett in WordPerfect 5.1 containing Florida Steel Corporation's Prehearing Statement.

Thank you for your assistance in filing the above documentation. Should you have any questions, please do not hesitate to contact the undersigned.

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Very truly yours,

SALEM, SAXON & NIELSEN, P.A.

Marian B. Rush

Marian B. Rush
MBR/nr
Enclosures

RECEIVED & FILED

cc: Peter J.P. Brickfield, Esq.
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DOCKET NO. 950001-E1

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

In Re: Fuel and Purchased Power)
Cost Recovery Clause and) Docket No. 950001-EI
Generating Performance Incentive) Filed: February 10, 1995
Factor)

**FLORIDA STEEL CORPORATION'S
PREHEARING STATEMENT**

Pursuant to the Case Assignment and Scheduling Record dated January 3, 1995, Florida Steel Corporation ("Florida Steel") files its Prehearing Statement. Florida Steel reserves the right to amend this Prehearing Statement.

A. APPEARANCES:

RICHARD J. SALEM, MARIAN B. RUSH, Salem, Saxon & Nielsen, P.C., Suite 3200, One Barnett Plaza, 101 East Kennedy Boulevard, P.O. Box 3399, Tampa, FL 33601; PETER J.P. BRICKFIELD, MICHAEL E. KAUFMANN, Brickfield, Burchette & Ritts, P.C., 1025 Thomas Jefferson Street, N.W., Eighth Floor - West Tower, Washington, D.C. 20005.

B. WITNESSES:

Steven M. Fietek

C. EXHIBITS:

Direct testimony of Steven M. Fietek and Schedules 1-4 thereto, which were previously filed by Florida Steel in this matter. Florida Steel reserves the right to amend this pre-filed testimony and appended schedules prior to or at the commission hearing.

D. STATEMENT OF BASIC POSITION:

Florida Steel contends that, in the case of Florida Power & Light Company ("FPL"), a number of significant ratemaking issues, as enumerated in Florida Steel's Petition for Leave to Intervene and as described below, warrant full review by the Commission at this time, and these issues should be examined as part of this fuel proceeding. Alternatively, in the event some of these issues are deemed to be beyond the scope of issues customarily addressed in a fuel proceeding before the

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million claimed in proposed equipment modifications to FPL's generating plants and should not recover this amount in the fuel cost recovery factor.

4. ISSUE: What are the appropriate levelized fuel cost recovery factors for the period April, 1995 through September, 1995?

Florida Steel: Florida Steel contends that these factors should be reduced for the reasons set forth in Florida Steel's position on Issue 3.

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

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

7. ISSUE: What are the appropriate fuel cost recovery factors for each rate group adjusted for line losses?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

Generic Oil Backout Issues

8. ISSUE: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1994 through September, 1994?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

9. ISSUE: What should the GPIF targets/ranges be for the period April, 1995 through September, 1995?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

Company-Specific GPIF Issues

10. ISSUE: What is the final oil backout true-up amount for the October, 1993 through March, 1994 period?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

11. ISSUE: What is the estimated oil backout true-up amount for the period October, 1994 through March, 1995 period?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

12. ISSUE: What is the total oil backout true-up amount to be collected during the period April, 1995 through September, 1995?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

13. ISSUE: What is the projected oil backout cost recovery factor for the period April, 1995 through September, 1995?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

Generic Capacity Cost Recovery Factor Issues

14. ISSUE: What is the final capacity cost recovery true-up amount for the April, 1994 through September, 1994 period?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

15. ISSUE: What is the estimated capacity cost recovery true-up amount for the period October, 1994 through March, 1995?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

16. ISSUE: What is the total capacity cost recovery true-up amount to be collected during the period April, 1995 through September, 1995?

Florida Steel: Florida Steel has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

17. ISSUE: What is the appropriate capacity cost recovery factor for the period April, 1995 through September, 1995?

Florida Steel: Florida Steel contends that the capacity cost recovery factor which FPL proposes to impose on transmission level CILC-1 customers is excessive relative to that imposed on non-transmission level customers and non-interruptible customers in light of the lower cost to FPL of providing transmission level service to CILC-1 class customers.

Other Issues

Florida Steel: Florida Steel contends that the following additional issues relating to FPL's rates should be addressed this proceeding:

- (a) Whether, as Florida Steel contends is the case, the rate of return on equity of 12.8% (\pm 1.0%) currently allowed FPL is excessive and results in rates that are unjust and unreasonable within the meaning of section 266.06, Florida Statutes, and whether these excessive amounts should be deducted from the fuel charges.
- (b) Whether, as Florida Steel contends is the case, the rate of return on equity which FPL in fact earned during 1994 and is expected to earn during 1995 is in excess of the currently allowed rate of return of 12.8% (\pm 1.0%), resulting in rates that are unjust, unreasonable and in

violation of law within the meaning of section 366.06, Florida Statutes, and whether these excessive amounts should be deducted from the fuel charges.

- (c) Whether, as Florida Steel contends is the case, FPL acted imprudently in delaying until 1993, and not implementing at an earlier time, its major cost reduction program, including a workforce reduction of some 1,700 positions, which resulted in a \$138 million pretax charge to its earnings as reflected in its December 31, 1993 financial statements, thereby resulting in rates that are unjust and unreasonable within the meaning of section 366.06, Florida Statutes.
- (d) Whether, as Florida Steel contends is the case, the demand charge discount provided to it and other transmission level CILC-1 customers, in relation to the demand charge to non-transmission level customers and non-interruptible customers, is sufficient in light of the lower cost to FPL of providing transmission level service to CILC-1 class customers, thereby resulting in rates that are unjust, unreasonable, unjustly discriminatory and in violation of law within the meaning of section 366.06, Florida Statutes.
- (e) Whether, as Florida Steel contends is the case, the non-fuel energy charge of 0.942¢/kwh imposed on transmission level CILC-1 customers pursuant to the CILC-1 tariff is excessive and results in rates that are unjust, unreasonable and unjustly discriminatory within the meaning of section 366.06, Florida Statutes.

F. STIPULATED ISSUES:

None at this time.

G. PENDING MOTIONS:

None at this time.

H. OTHER MATTERS:

None at this time.

FLORIDA STEEL CORPORATION

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CERTIFICATE OF SERVICE
DOCKET NO. 950001-E1

I HEREBY CERTIFY that a true and correct copy of Florida Steel Corporation's Prehearing Statement has been furnished via FedEx** and regular mail this 9th day of February 1995, to the following:

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