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MACFARLANE AUSLEY FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

111 MADISON STREET, SUITE 2300  
P. O. BOX 1531 ZIP 33601  
TAMPA, FLORIDA 33602  
(813) 273-4700 FAX (813) 273-4396

227 SOUTH CALHOUN STREET  
P. O. BOX 391 ZIP 32302  
TALLAHASSEE, FLORIDA 32301  
(904) 224-9115 FAX (904) 222-7560

400 CLEVELAND STREET  
P. O. BOX 1669 ZIP 34617  
CLEARWATER, FLORIDA 34615  
(813) 441-8966 FAX (813) 442-8470

February 8, 1996

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IN REPLY REFER TO:

Tallahassee

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause  
with Generating Performance Incentive Factor;  
FPSC Docket No. 960001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Prehearing Statement.

Also enclosed is the above Prehearing Statement on a 3.5" double sided high density diskette generated on a DOS computer in WordPerfect 5.1 format.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

- ACK
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAC 5 Audley JBB/pp
- LEG 1 Enclosures
- LIN 3 cc: All Parties of Record (w/encls.)
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

Thank you for your assistance in connection with this matter.

Sincerely,

*James D. Beasley*  
James D. Beasley

RECEIVED & FILED  
FPC-BUREAU OF RECORDS/REPORTING

DOCUMENT NUMBER-DATE  
01548 FEB-89  
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power )  
Cost Recovery Clause and Generating) )  
Performance Incentive Factor. )  
\_\_\_\_\_ )

DOCKET NO. 960001-EI  
FILED: February 8, 1996

PREHEARING STATEMENT OF TAMPA ELECTRIC COMPANY

A. APPEARANCES:

LEE L. WILLIS  
JAMES D. BEASLEY  
Macfarlane, Ausley, Ferguson & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. M. J. Pennino (TECO)	Fuel Adjustment True-up and Projections; Capacity Cost Recovery True-up and Projections	1,2,3,4,5,6,7,8,9, 20,21,22,23,24
2. G. A. Keselowsky (TECO)	GPIF Reward/Penalty and Targets/Ranges	14,15,16A,16B
3. W. N. Cantrell and E. A. Townes (TECO)	Oil Backout Cost Recovery True-up	18,19
4. M. J. Pennino and E. A. Townes	Jurisdictional Separation and Refunds of Oil Backout Costs	13A,13B

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
_____ (MJP-1)	Pennino	Fuel cost recovery and capacity cost recovery final true-up April 1995 - September 1995

DOCUMENT NUMBER-DATE

01548 FEB-89

FPSC-RECORDS/REPORTING

<u>                    </u> (MJP-2)	Pennino	Fuel adjustment projection, April 1996 - September 1996
<u>                    </u> (MJP-3)	Pennino	Capacity cost recovery projection, April 1996 - September 1996
<u>                    </u> (GAK-1)	Keselowsky	Generating Performance Incentive Factor Results, April 1995 - September 1995
<u>                    </u> (GAK-1)	Keselowsky	GPIF Targets and Ranges Estimated for April 1996 - September 1996
<u>                    </u> (GAK-3)	Keselowsky	Estimated Unit Performance Data, April 1996 - September 1996
<u>                    </u> (WNC/EAT-1)	Cantrell and Townes	Schedules Supporting Oil Backout Cost Recovery Factor - Actual, April 1995 - September 1995

**D. STATEMENT OF BASIC POSITION**

**Tampa Electric Company's Statement of Basic Position:**

The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery, GPIF, and oil backout true-up calculations, including the proposed fuel adjustment factor of 2.390 cents per KWH before application of factors which adjust for variation in line losses; the proposed capacity cost recovery factor of .148 cents per KWH before applying the 12 CP and 1/13 allocation methodology; and a GPIF reward of \$376,230.

**E. STATEMENT OF ISSUES AND POSITIONS**

**Generic Fuel Adjustment Issues**

**ISSUE 1:** What are the appropriate final fuel adjustment true-up amounts for the period April, 1995 through September, 1995?

**TECO:** An underrecovery of \$437,285. (Pennino)

**ISSUE 2:** What are the estimated fuel adjustment true-up amounts for the period October, 1995 through March, 1996?

TECO: An overrecovery of \$1,037,187. (Pennino)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period April, 1996 through September, 1996?

TECO: An overrecovery of \$599,902. (Pennino)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1996 through September, 1996?

TECO: 2.390 cents per KWH before application of the factors which adjust for variations in line losses. (Pennino)

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

TECO: The factors should be effective beginning with the specified fuel cycle and thereafter for the period April, 1996 through September, 1996. Billing cycles may start before April 1, 1996, and the last cycle may be read after September 30, 1996, so that each customer is billed for six months regardless of when the adjustment factors became effective. (Pennino)

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

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

\*Group A1 is based on Group A, 15% of On-Peak and 85% of Off-Peak. (Pennino)

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

<u>TECO:</u>	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
	Group A	2.405	2.166
	Group A1	2.277	-
	Group B	2.393	2.155
	Group C	2.323	2.092

(Pennino)

**ISSUE 8:** What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of April, 1996 through September, 1996?

**TECO:** 1.00083. (Pennino)

**ISSUE 9:** Is it appropriate to recover the cost of SO<sub>2</sub> emission allowances through the fuel and purchased cost recovery clause?

**TECO:** Yes. (Pennino)

#### **Company Specific Fuel Adjustment Issues**

**ISSUE 13A:** Should TECO separate Oil Backout Cost Recovery costs by wholesale and retail jurisdiction prior to calculating the oil backout factor?

**TECO:** No. Separation of Oil Backout costs would not be appropriate for reasons more fully discussed in the Prepared Direct Testimony of Elizabeth A. Townes. (Townes)

**ISSUE 13B:** Should TECO refund the non-jurisdictional portion of Oil Backout Cost Recovery costs previously recovered from its retail ratepayers?

**TECO:** No. If the Commission concludes that Oil Backout costs should be separated, such interpretation should be applied only on a prospective basis. A retroactive application would be unfair, for reasons more fully discussed in the Prepared Direct Testimony of Mary Jo Pennino. (Pennino)

#### **Generic Generating Performance Incentive Factor Issues**

**ISSUE 14:** What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1995 through September, 1995?

**TECO:** Reward of \$376,230. (Keselowsky)

**ISSUE 15:** What should the GPIF targets/ranges be for the period April, 1996 through September, 1996?

**TECO:** As set forth in Attachment "A" attached to the Prepared Direct Testimony of George A. Keselowsky. (Keselowsky)

### Company-Specific GPIF Issues

**ISSUE 16A:** Should the adjustments made by Tampa Electric Company to the heat rate results for Big Bend Unit #3 be included in the GPIF reward calculation?

**TECO:** Yes. The Big Bend Unit #3 heat rate results for the months of June through September 1995 filed as part of the final true-up for April through September 1995 have been adjusted to establish consistency between the data filed as a target and the actual data. The target heat rate data did not include the effect on heat rate of additional station service allocated to Big Bend Unit #3 for the power required to scrub Big Bend Unit #3 flue gas. Big Bend Unit #3 was integrated into the Big Bend Unit #4 FGD system beginning June of 1995. The station service allocated to Big Bend Unit #3 for scrubbing can be calculated based on the total energy used by the FGD system apportioned between Units 3 and 4 in the same ratio as tons of SO<sub>2</sub> removed from both units. This calculated station service value has been added back into the Mwhs used in the calculation of actual heat rate results to determine what the "unscrubbed" heat rate would have been in order to have a consistent comparison with the "unscrubbed" targets. This treatment of actual heat rate data should remain in effect until the 3 year cycle of data collected for heat rate targets includes the effect of the scrubber energy demand on heat rate. (Keselowsky)

**ISSUE 16B:** Should the adjustments made by Tampa Electric Company to the Big Bend Unit #3 heat rates be allowed in the heat rate target?

**TECO:** Yes. Since heat rate data from June through September 1995 will be used to establish new heat rate targets, the data for those months should be adjusted in the same manner as described in Issue 16A. GPIF guidelines require that 3 years of historical data be used in establishing heat rate targets, and this method should be employed until the scrubber has been in use in Unit 3 for that time. (Keselowsky)

### Generic Oil Backout Issues

**ISSUE 18:** What is the final oil backout true-up amount for the April, 1995 through September, 1995 period?

**TECO:** An overrecovery of \$747,641. (Cantrell/Townes)

ISSUE 12: What is the estimated oil backout true-up amount for the period October, 1995 through March, 1996?

TECO: Pursuant to Order No. PSC-95-0580-FOF-EI issued in Docket No. 950379-EI on May 10, 1995, Tampa Electric's projected oil backout costs for the period October 1, 1995 through December 31, 1995 were recovered during that period. The company presently estimates that its remaining true-up amount related to oil backout costs for 1995 is a \$184,616 underrecovery. As soon as the true-up amount is finalized, Tampa Electric will present it to the Commission. The true-up amount will be recovered as a line item adjustment to fuel costs through the fuel and purchased power cost recovery clause during the period April 1, 1996 through September 30, 1996. (Cantrell/Townes)

Company-Specific Oil Backout Issues

TECO: None at this time.

Generic Capacity Cost Recovery Issues

ISSUE 20: What is the appropriate final capacity cost recovery true-up amount for the April, 1995 through September, 1995 period?

TECO: An underrecovery of \$17,956. (Pennino)

ISSUE 21: What is the estimated capacity cost recovery true-up amount for the period October, 1995 through March, 1996?

TECO: An overrecovery of \$179,568. (Pennino)

ISSUE 22: What is the total capacity cost recovery true-up amount to be collected during the period April, 1996 through September, 1996?

TECO: An overrecovery of \$161,612. (Pennino)

ISSUE 23: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period April, 1996 through September, 1996?

TECO: \$11,584,505. (Pennino)

ISSUE 24: What are the projected capacity cost recovery factors for the period April, 1996 through September, 1996?

TECO: The appropriate factors are as follows:

<u>Rate Schedules</u>	<u>Factor</u>
RS	.193 cents per KWH
GS, TS	.179 cents per KWH
GSD	.135 cents per KWH
GSLD, SBF	.123 cents per KWH
IS-1 & 3, SBI-1 & 3	.011 cents per KWH
SL, OL	.029 cents per KWH (Pennino)

Company-Specific Capacity Cost Recovery Issues

TECO: None at this time.

F. STIPULATED ISSUES

TECO: Issue 5 should be stipulated.

G. MOTIONS

TECO: None at this time.

H. OTHER MATTERS

TECO: None at this time.

DATED this 8<sup>th</sup> day of February, 1996.

Respectfully submitted,



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LEE L. WILLIS  
JAMES D. BEASLEY  
Macfarlane Ausley Ferguson & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
(904) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (\*) on this 7<sup>th</sup> day of February, 1996 to the following:

Ms. Martha C. Brown\*  
Ms. Mary Elizabeth Culpepper  
Division of Legal Services  
Florida Public Service Comm'n.  
101 East Gaines Street  
Tallahassee, FL 32399-0863

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

Mr. Joseph A. McGlothlin  
Ms. Vicki Gordon Kaufman  
McWhirter, Reeves, McGlothlin,  
Davidson, Rief & Bakas  
117 S. Gadsden Street  
Tallahassee, FL 32301

Mr. Jack Shreve  
Office of Public Counsel  
Room 812  
111 West Madison Street  
Tallahassee, FL 32399-1400

Mr. Matthew M. Childs  
Steel Hector & Davis  
Suite 601  
215 South Monroe Street  
Tallahassee, FL 32301

Mr. John W. McWhirter  
McWhirter, Reeves, McGlothlin,  
Davidson, Rief & Bakas  
Post Office Box 3350  
Tampa, FL 33601-3350

Ms. Suzanne Brownless  
Suzanne Brownless P.A.  
1311-B Paul Russell Road #202  
Tallahassee, FL 32301

Mr. David M. Kleppinger  
McNees, Wallace & Nurick  
Post Office Box 1166  
Harrisburg, PA 17108-1166

Mr. Floyd R. Self  
Messer, Vickers, Caparello,  
Madsen, Lewis, Goldman & Metz  
Post Office Box 1876  
Tallahassee, FL 32301-1876

Mr. G. Edison Holland, Jr.  
Beggs & Lane  
Post Office Box 12950  
Pensacola, FL 32576

Mr. Barry Huddleston  
Destec Energy  
2500 CityWest Blvd. Suite 150  
Houston, TX 77042

Mr. Eugene M. Trisko  
Post Office Box 596  
Berkeley Springs, WV 25411

Mr. Roger Yott  
Air Products & Chemicals, Inc.  
7540 Windsor Drive, Suite 301  
Allentown, PA 18195

Mr. Richard J. Salem  
Ms. Marian B. Rush  
Salem, Saxon & Nielsen, P.A.  
Post Office Box 3399  
Tampa, FL 33601

Mr. Peter J. P. Brickfield  
Brickfield, Burchette & Ritts  
1025 Thomas Jefferson St. N.W.  
Eighth Floor, West Tower  
Washington, D.C. 20007-0805

Mr. Stephen R. Yurek  
Dahlen, Berg & Co.  
2150 Dain Bosworth Plaza  
60 South Sixth Street  
Minneapolis, MN 55402

  
ATTORNEY