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ORIGINAL  
FILE COPY

Matthew M. Childs, P.A.

August 12, 1996

Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, FL 32399-0850

RE: DOCKET NO. 960001-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Prehearing Statement in the above referenced docket.

Also enclosed is a formatted double sided high density 3.5 inch diskette containing the Prehearing Statement for Florida Power & Light Company.

Very truly yours,



Matthew M. Childs, P.A.

- ACK ✓
- AFA 3
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CIH \_\_\_\_\_
- EAG Bass
- LEG 1
- DDI 3
- OFC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OTR \_\_\_\_\_

MMC/ml

Enclosures

cc: All Parties of Record

RECEIVED BY MAIL

EPSC BUREAU OF RECORDS

Miami  
305 577 7000  
305 577 2001 Fax

West Palm Beach  
561 650 7200  
561 655 1509 Fax

Key West  
305 292 7272  
305 292 7271 Fax

DOCUMENT NUMBER-DATE  
08430 AUG 12 1996  
EPSC BUREAU OF RECORDS REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Investigation Of Fuel ) DOCKET NO. 960001-EI  
Cost Recovery Clauses Of )  
Electric Companies ) FILED: AUGUST 12, 1996

FLORIDA POWER & LIGHT COMPANY'S  
PREHEARING STATEMENT

Pursuant to Order No. PSC-96-0816-PCO-EI, issued June 24, 1996, establishing the prehearing procedure in this docket, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
R. SILVA C. VILLARD R. MORLEY	Fuel Adjustment, True-Up and Projections	1,2,3, 4,5,6, 7,8
C. VILLARD R. MORLEY	Turkey Point Thermal Uprate	9a
R. WADE R. SILVA	Recovery of Replacement Energy	9b
R. SILVA	GPIF, True-Up and Projections	10,11,12
R. MORLEY	Capacity Cost Recovery, True-Up and Projections	13,14,15, 16,17,18

**C. EXHIBITS**

<b><u>EXHIBITS</u></b>	<b><u>WITNESS</u></b>	<b><u>DESCRIPTION</u></b>
(RM-1)	R. MORLEY	Appendix I/Fuel Cost Recovery True-Up Calculation
(RM-2)	R. MORLEY	Appendix II/Capacity Cost Recovery True-Up Calculation
(CV-1)	C. VILLARD	Document No. 1/Thermal Uprate NPV Analysis
(RS-1)	R. SILVA	Appendix I/Fuel Cost Recovery Forecast Assumptions
(RM-3)	R. MORLEY	Appendix II/Fuel Cost Recovery E-Schedules
(RM-4)	R. MORLEY	Appendix III/Capacity Cost Recovery Calculation of Factors
(RS-2)	R. SILVA	Document No. 1/GPIF Results (including revised pages 2,4,7 and 13)
(RS-3)	R. SILVA	Document No. 1/GPIF Targets and Ranges (including revised pages 6 and 10)
(RS-4)	R. SILVA	Document No. 1/Interrogatory 19
(RLW-1)	R.L. WADE	Document No. 1/Interrogatories Nos. 15,16,17,18,20 and 21)
(RLW-2)	R.L. WADE	Document No. 1/Revised Interrogatory No. 21

**D. STATEMENT OF BASIC POSITION**

None Necessary.

**E. STATEMENT OF ISSUES AND POSITIONS**

**FUEL ADJUSTMENT ISSUES**

1. What is the final fuel true-up amount for the period October 1, 1995 through March 31, 1996?

**FPL:** \$17,157,052 underrecovery. (MORLEY)

2. What is the estimated/actual fuel true-up amount for the period April 1, 1996 through September 30, 1996 based upon three months actual and three months revised estimates?

**FPL:** \$88,480,000 underrecovery. (MORLEY)

3. What is the total fuel true-up to be collected during the period October 1, 1996 through March 31, 1997?

**FPL:** \$105,637,052 underrecovery. (MORLEY)

4. What is the appropriate levelized fuel adjustment factor for the period October 1, 1996 through March 31, 1997?

**FPL:** 2.037 cents/kwh is the levelized recovery charge. (MORLEY)

5. What should be the effective date of the new factors for fuel adjustment and capacity cost recovery?

**FPL:** The new Fuel Cost Recovery Factors should become effective with customer billing on cycle day 3 of October 1996 and continue through customer billings on cycle day 2 of March 1997 and the new Capacity Cost Recovery Factors should become effective with customer billings on cycle day 3 of October 1996 and continue through cycle day 2 of September 1997. This will provide 6 months of billing on the Fuel Cost Recovery Factors and 12 months on the Capacity Cost Recovery Factors for all customers. (MORLEY)

6. What are the appropriate fuel recovery line loss multipliers for each rate class?

**FPL:** The appropriate Fuel Cost Recovery Loss Multipliers are provided in response to Issue No. 7. (MORLEY)

7. What are the appropriate Fuel Cost Recovery Factors for each rate group?

**FPL:**

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1,GS-1,SL-2	2.037	1.00201	2.041
A-1	SL-1,OL-1	2.014	1.00201	2.018
B	GSD-1	2.037	1.00200	2.041

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
C	GSLD-1 & CS-1	2.037	1.00173	2.041
D	GSLD-2, CS-2, OS-2 & MET	2.037	0.99640	2.030
E	GSLD-3 & CS-3	2.037	0.96159	1.959
A	RST-1, GST-1 ON-PEAK	2.174	1.00201	2.178
	OFF-PEAK	1.984	1.00201	1.988
B	GSDT-1 ON-PEAK	2.174	1.00200	2.178
	CILC-1 (G) OFF-PEAK	1.984	1.00200	1.988
C	GSLDT-1 & ON-PEAK	2.174	1.00173	2.177
	CST-1 OFF-PEAK	1.984	1.00173	1.987
D	GSLDT-2 & ON-PEAK	2.174	0.99640	2.166
	CST-2 OFF-PEAK	1.984	0.99640	1.977
E	GSLDT-3, CST-3 ON-PEAK	2.174	0.96159	2.090
	CILC-1 (T) & ISST-1 (T) OFF-PEAK	1.984	0.96159	1.908
F	CILC-1 (D) & ON-PEAK	2.174	0.99814	2.170
	ISST-1 (D) OFF-PEAK	1.984	0.99814	1.980 (MORLEY)

8. What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of October 1996 through March 1997?

**FPL:** 1.01609. (MORLEY)

#### COMPANY SPECIFIC FUEL ISSUES

9a. Should FPL be allowed to recover the cost associated with the thermal power uprate of Turkey Point Units 3 and 4 through the Fuel Cost Recovery Clause?

**FPL:** Yes. The uprate of each nuclear unit, from 2200 megawatts thermal to 2300 megawatts thermal, will increase the capacity of each nuclear unit by approximately 31 megawatts electric. The units are projected to increase power by January 1997. The cost of the thermal uprate for both units is estimated to be \$10 million. The Company has estimated that this uprating will yield fuel savings on a net present value basis in excess of \$88 million. From January 1997 through December 1998, the fuel savings are projected to exceed the cost of the project, therefore, FPL is requesting that it recover the depreciation and return on investment in this thermal power uprate project over this two year period. The Commission in Docket No. 850001-EI-B, Order No. 14546 issued on July 8, 1985 stated regarding the charges appropriately included in the calculation of fuel "Fossil fuel-related costs normally recovered through base rates but which were not recognized or anticipated in the cost levels used to determine current base rates and, which, if expended, will result in fuel savings to customers. Recovery of such costs should be made on a case by case basis after Commission approval". This expenditure will result in significant fuel savings for FPL's customers and appears to be the type of a cost which the Commission contemplated being recovered through the clause. (VILLARD/MORLEY)

9b. Should Florida Power and Light recover replacement energy costs incurred as a result of outages at Plant St. Lucie and Plant Turkey Point during the period September 1994 through September 1995? (deferred from February 1996)

**FPL:** Yes. FPL's actions regarding the outages were reasonable and prudent and, therefore, FPL should recover all replacement energy costs. (WADE/SILVA)

9c. Should an electric utility be permitted to include, for retail fuel cost recovery purposes, fuel costs of generation at any of its units which exceed, on a cents-per-kilowatt-hour basis, the average fuel cost of total generation (wholesale plus retail) out of those same units? (deferred from February 1996)

**FPL:** No position at this time.

#### **GPIF ISSUES**

10. What should the GPIF Rewards/Penalties be for the period of October 1, 1995 through March 31, 1996?

**FPL:** \$1,947,105 reward. (SILVA)

11. What should the GPIF targets/ranges be for the period of October 1, 1996 through September 30, 1997?

**FPL:**

PLANT/UNIT	EAFF TARGET (%)	HEAT RATE TARGET
CAPE CANAVERAL 1	93.5	9428
CAPE CANAVERAL 2	92.7	9479
LAUDERDALE 4	93.4	7277
LAUDERDALE 5	91.8	7270
FORT MYERS 2	76.1	9343
MARTIN 3	94.5	6922
MARTIN 4	86.6	6902
PORT EVERGLADES 3	94.9	9462
PORT EVERGLADES 4	78.1	9539
PUTNAM 1	87.3	8705
PUTNAM 2	88.0	8489
TURKEY POINT 3	82.1	11024
TURKEY POINT 4	89.4	11066
ST. LUCIE 1	75.0	10912
ST. LUCIE 2	81.5	10935
SCHERER 4	86.6	<u>9994</u>
<b>GPIF SYSTEM WEIGHTED AVERAGE HR</b>		9762 (SILVA)

12. Should FPL be allowed to change the Generating Performance Incentive Factor from a semi-annual filing to an annual filing?

**FPL:** Yes. Filing on an annual basis will greatly reduce the amount of paperwork produced, filed and processed by FPL, the Commission, and other parties. (SILVA)

#### CAPACITY COST RECOVERY ISSUES

13. What is the final capacity true-up amount for the period October 1, 1995 through March 31, 1996?

**FPL:** \$28,927,083 overrecovery. (MORLEY)

14. What is the estimated/actual capacity true-up amount for the period April 1, 1996 through September 30, 1996, which are based upon two months actual and four months revised estimates?

**FPL:** \$13,378,068 overrecovery. (MORLEY)

15. What is the total capacity true-up amount to be collected during the period October 1, 1996 through September 30, 1997?

FPL: \$42,305,151 overrecovery. (MORLEY)

16. What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October 1996 through September 1997?

FPL: \$430,838,159 (MORLEY)

17. What are the appropriate Capacity Cost Recovery Factors for each rate group?

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR (\$/KW)	CAPACITY RECOVERY FACTOR (\$/KWH)
RS1	-	0.00621
GS1	-	0.00562
GSD1	2.14	-
OS2	-	0.00407
GSLD1/CS1	2.15	-
GSLD2/CS2	2.19	-
GSLD3/CS3	2.15	-
CILCD/CILCG	2.21	-
CILCT	2.20	-
MET	2.31	-
OL1/SL1	-	0.00102
SL2	-	0.00395

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST1D	.28	.13
SST1T	.27	.13
SST1D	.28	.13

(MORLEY)

18. Should FPL be allowed to change the Capacity Cost Recovery Clause from a semi-annual filing to an annual filing?



**FPL:** Yes. Experience has shown that the capacity costs now are sufficiently predictable and, therefore an annual filing is appropriate. In addition, filing on an annual basis will greatly reduce the amount of paperwork produced, filed and processed by FPL, the Commission, and other parties. (MORLEY)

**F. STIPULATED ISSUES**

None at this time.

**G. MOTIONS**

FPL is aware of no outstanding Motions at this time.

Respectfully submitted,

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Attorneys for Florida Power  
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BY 

Matthew M. Childs, P.A

**CERTIFICATE OF SERVICE  
DOCKET NO. 960001-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement has been furnished by Hand Delivery,\*\* or U.S. Mail this 12th day of August, 1996, to the following:

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