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Matthew M Childs, P.A.

January 16, 1997

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. 970001-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Petition For The Approval Of Its Levelized Fuel Cost Recovery Factors and Capacity Cost Recovery Factors in the above referenced docket.

00593-97

Also enclosed please find the original and fifteen (15) copies of the Testimony of R. Silva, R. Morley and R.L. Wade.

00594-97

Very truly yours,

Matthew M. Childs, P.A.

- ACK \_\_\_\_\_
- AFA 1 \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG Bass \_\_\_\_\_
- LEG 1 \_\_\_\_\_
- LIN 3 \_\_\_\_\_
- OPD \_\_\_\_\_
- RCR \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OT \_\_\_\_\_

MMC:ml

cc: All Parties of Record

Miami  
305 577 7000  
305 577 7001 Fax

*Petition*  
DOCUMENT NUMBER-DATE

00593 JAN 16 5

FPSC-RECORDS/REPORTING

*testimony*  
DOCUMENT NUMBER-DATE

00594 JAN 16 5

FPSC-RECORDS/REPORTING

Key West  
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FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Investigation of Fuel Cost )  
Recovery Clauses Of Electric )  
Companies )

DOCKET NO. 970001-EI  
FILED: JANUARY 16, 1997

PETITION OF FLORIDA POWER & LIGHT COMPANY  
FOR APPROVAL OF ITS LEVELIZED FUEL COST RECOVERY FACTORS AND  
CAPACITY COST RECOVERY FACTORS

Florida Power & Light Company ("FPL"), pursuant to Order No. 9273 in Docket No. 74680-CI, Order No. 10093 in Docket No. 810001-EU, and Commission Directives of April 24 and April 30, 1980, together with Commission Rule 25-17.16, hereby petitions this Commission to approve 2.192 as its levelized fuel cost recovery charge for non-time differentiated rates and 2.418 cents per kWh and 2.081 cents per kWh as its levelized fuel recovery charges for the on-peak and off-peak periods respectively as its time differentiated rates for the period April 1997 through September

ACK \_\_\_\_\_ 1997 billing period, and to approve the capacity cost recovery  
AFA \_\_\_\_\_ factors submitted as Attachment I to this Petition for the April  
APP \_\_\_\_\_  
CAF \_\_\_\_\_ 1997 through September 1997 billing period. All charges are to  
CMU \_\_\_\_\_ become effective starting with meter readings scheduled to be read  
CTR \_\_\_\_\_ on or after Cycle Day 3, and to continue these charges in effect  
EAG \_\_\_\_\_  
LEG \_\_\_\_\_ until modified by subsequent order of this Commission. In support  
LIN \_\_\_\_\_ of this Petition, FPL states:

OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC \_\_\_\_\_  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

1. The calculations of fuel costs for the period April 1997 through September 1997, are contained in Commission Schedules E1 through E10 and Schedule H1 (designated Minimum Filing Requirements by the Commission's April 24, 1989, Directive), which schedules are attached as Appendix II to the prepared written testimony of FPL witness R. Morley filed in Docket No. 970001-EI, and are incorporated herein by reference.

2. The fuel factors developed and proposed by FPL for the period April 1997 through September 1997, reflect a final \$13,513,839 underrecovery for the April 1996 through September 1996 period and an estimated/actual \$63,591,152 underrecovery for the October 1996 through March 1997 period.

3. FPL is requesting recovery of the cost of implementing certain equipment modifications at some of its generating plants and fuel storage facilities. These modifications will enable FPL to operate these plants using a heavier, more economic grade of residual fuel oil called "low gravity" fuel oil. This type of fuel contains more energy, or BTU's, per barrel than the standard residual fuel oil. These costs include a one-time expenditure of approximately \$2,087,000 for new equipment and related modifications. From 1997 through 1999 fuel savings are projected to be approximately \$19.94 million. From April through September 1997 the fuel savings are projected to be approximately \$2.87 million. In Order No. PSC-95-0450-FOF-EI, Docket No. 950001-EI, issued on April 6, 1995, the Commission approved the recovery of costs for modifications to various plants which enabled the units

to operate using a more economic grade of residual fuel oil. In this Order, the Commission stated that they " have allowed such costs to be recovered through the fuel clause in the past when those expenditures resulted in significant savings to the utility's ratepayers". In addition, the Commission concluded that FPL's cost for modifications fits within the policy established in Order No. 14546 which allows fuel-related expenditures that are not being recovered through a utility's base rates to be recovered through the fuel clause. For these reasons, FPL believes that it is appropriate to bring this issue forward for Commission consideration and approval.

4. FPL is requesting recovery of the depreciation expense and return on investment for 63 rail cars recently purchased to deliver coal to Scherer Plant. These rail cars are required to enable FPL to deliver the projected annual tonnage of coal required to operate its share of Scherer Unit No. 4. Since any coal delivery shortfall would require FPL to use more expensive oil generation to meet load requirements, purchasing the required rail cars benefits FPL's customers. The recovery of these costs is consistent with the recovery treatment of other transportation costs such as the purchase of SJRPP rail cars, approved in Order No. 18136, Docket No. 870001-EI, issued on September 10, 1987 and the previous purchase of 462 Scherer rail cars, approved in Order No. PSC-95-1089-FOF-EI, Docket No. 950001-EI, issued on September 5, 1995. In this Order, the Commission states that "When economically beneficial to a utility's ratepayers, the cost of

purchasing or leasing rail cars is considered to be a fuel-related expense that should be recovered through the fuel clause". For these reasons, FPL believes that it is appropriate to bring this issue forward for Commission consideration and approval.

5. The capacity cost recovery factors for the period April 1997 through September 1997 are included as Attachment I to this Petition. FPL is requesting that the Commission approve a midcourse correction to decrease its currently authorized Capacity Cost Recovery Factors. In Order No. PSC-96-1172-FOF-EI, the Commission approved FPL's Capacity Cost Recovery Factors for the twelve month period of October 1996 through September 1997. FPL has experienced a \$28.8 million overrecovery due primarily to lower than expected capacity payments to QF's during June 1996 through December 1996. FPL believes that this midcourse correction is appropriate due to its magnitude.

6. A residential bill for 1,000 kWh for the period April 1997 through September 1997, will be \$78.03. The 1,000 kWh residential bill includes a base rate charge of \$47.46, a fuel recovery charge of \$21.96, a conservation charge of \$2.62, a capacity cost recovery charge of \$5.03, an environmental cost recovery charge of \$.17, and Gross Receipt Tax of \$.79.

WHEREFORE, FPL respectfully requests this Commission to approve the fuel and purchased power cost recovery charges for the period April 1997 through September 1997, and the capacity cost recovery charges for the period April 1997 through September 1997

requested herein for its billing period effective starting with scheduled meter readings to be read on or after Cycle Day 3, and to continue these charges until modified by subsequent order of this Commission, to approve the recovery of the depreciation and return on investment associated with 63 rail cars purchased to deliver coal to the Scherer Plant through the Fuel Cost Recovery Clause, and to approve the proposal to recover the cost of implementing certain equipment modifications at some of its generating plants in order to use a heavier, more economic grade of residual oil called "low gravity" fuel oil.

DATED this 16th day of January 1997.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP  
215 South Monroe Street  
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Tallahassee, FL 32301-1804  
Attorneys for Florida Power  
& Light Company

By:   
Matthew M. Childs, P.A.

FLORIDA POWER & LIGHT COMPANY  
 CALCULATION OF CAPACITY PAYMENT RECOVERY FACTOR  
 APRIL 1997 THROUGH SEPTEMBER 1997

Rate Class	(1) Percentage of Sales at Generation (%)	(2) Percentage of Demand at Generation (%)	(3) Energy Related Cost (\$)	(4) Demand Related Cost (\$)	(5) Total Capacity Costs (\$)	(6) Projected Sales at Meter (kwh)	(7) Billing KW Load Factor (%)	(8) Projected Billed KW at Meter (kw)	(9) Capacity Recovery Factor (\$/kw)	(10) Capacity Recovery Factor (\$/kwh)
RS1	53.20547%	60.85589%	\$7,811,528	\$104,471,849	\$112,083,377	22,271,257,088	-	-	-	0.00503
GS1	6.25971%	6.43277%	\$895,509	\$11,043,197	\$11,938,708	2,620,249,910	-	-	-	0.00458
GSD1	22.77095%	18.56948%	\$3,257,592	\$31,878,403	\$35,135,995	9,531,741,051	53.78184%	20,215,114	1.74	-
OS2	0.02610%	0.01826%	\$3,734	\$33,064	\$36,798	11,185,218	-	-	-	0.00330
GSLD1/CS1	9.25007%	7.94518%	\$1,323,307	\$13,639,586	\$14,962,873	3,873,033,534	61.64498%	8,608,581	1.74	-
GSLD2/CS2	2.01133%	1.69630%	\$287,739	\$2,912,054	\$3,199,793	845,748,979	64.31296%	1,801,437	1.78	-
GSLD3/CS3	0.92582%	0.79040%	\$132,447	\$1,356,887	\$1,489,334	403,823,509	64.60682%	858,203	1.74	-
ISST1D	0.00294%	0.00109%	\$421	\$1,820	\$2,241	1,232,370	66.48049%	1,953	**	-
SST1T	0.12588%	0.17744%	\$18,008	\$304,613	\$322,621	54,905,881	10.65279%	708,045	**	-
SST1D	0.08925%	0.04248%	\$12,768	\$72,928	\$85,694	37,877,952	79.38012%	85,368	**	-
CILC D/CILC G	3.20613%	2.27992%	\$458,696	\$3,913,960	\$4,372,626	1,348,951,230	75.60946%	2,440,354	1.79	-
CILC T	1.36696%	0.95113%	\$195,556	\$1,632,814	\$1,828,370	598,242,879	79.76567%	1,023,983	1.79	-
MET	0.10805%	0.10733%	\$15,458	\$184,254	\$199,712	48,228,240	59.38085%	106,644	1.87	-
OL1/SL1	0.55815%	0.06845%	\$79,648	\$114,075	\$193,923	233,834,433	-	-	-	0.00083
SL2	0.09320%	0.06493%	\$13,333	\$111,468	\$124,799	39,010,748	-	-	-	0.00320
<b>TOTAL</b>			\$14,305,914	\$171,670,948	\$185,976,882	41,913,101,000		35,823,660		

CAPACITY RECOVERY FACTORS FOR STANDBY RATES

Note: There are currently no customers taking service on Schedule ISST1(T). Should any customer begin taking service on this schedule during the period, they will be billed using the ISST(D) Factor.

- (1) Obtained from Document No. 2
- (2) Obtained from Document No. 2
- (3) (Total Capacity Costs/13) \* Col (1)
- (4) (Total Capacity Costs/13 \* 12) \* Col (2)
- (5) Col (3) + Col (4)
- (6) Projected kwh sales for the period April 1997 through September 1997
- (7) (1995 KWh sales / 8760 hours) / ((avg customer NCP) / (8760 hours))
- (8) Col (6) / ((7) \* 730) For GSD-1, only 83.265% of KW are billed due to 10 KW exemption
- (9) Col (5) / (8)
- (10) Col (5) / (6)

Reservation Demand =	$\frac{\text{(Total col 5)} / (\text{Doc 2, Total col 7}) / (10) / (\text{Doc 2, col 4})}{6 \text{ months}}$	
Charge (RDC)		
Sum of Daily Demand =	$\frac{\text{(Total col 5)} / (\text{Doc 2, Total col 7}) / (21 \text{ onpeak days}) / (\text{Doc 2, col 4})}{6 \text{ months}}$	
Charge (SDD)		
<b>CAPACITY RECOVERY FACTOR</b>		
	RDC	SDD
	** (\$/kw)	** (\$/kw)
ISST1 (D)	\$0.23	\$0.11
SST1 (T)	\$0.21	\$0.10
SST1 (D)	\$0.22	\$0.11

ATTACHMENT I

**CERTIFICATE OF SERVICE  
DOCKET NO. 970001-EI**

**I HEREBY CERTIFY** that a true and correct copy of Florida Power & Light Company's Petition for Approval of Its Levelized Fuel Cost Recovery and Capacity Cost Recovery from April 1997 through September 1997 and the Testimony and Exhibits of R. Silva, R. Morley and R.L. Wade has been furnished by Hand Delivery,\*\* or U.S. Mail this 16th day of January, 1997, to the following:

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