

STEEL
HECTOR
DAVIS

Steel Hector & Davis LLP
215 South Monroe Suite 80
Tallahassee Florida 32301
904 222 2100
904 222 8410 Fax

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Matthew M Childs, P.A

January 27, 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 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 1
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- CAF _____ MMC/ml
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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IN RE: Investigation Of Fuel) DOCKET NO. 970001-EI
Cost Recovery Clauses Of)
Electric Companies) FILED: JANUARY 27, 1997

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-97-0043-PCO-EI, issued January 9, 1997, establishing the prehearing procedure in this docket, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

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

B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
R. SILVA R. WADE R. MORLEY	Fuel Adjustment, True-Up and Projections	1,2,3, 4,5,6, 7,8
R. SILVA R. MORLEY	Low Gravity Fuel Oil Project	9a
R. SILVA R. MORLEY	Scherer Rail Cars	9b
R. MORLEY	Capacity Cost Recovery, MidCourse Correction	10 and 11

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(RM-1)	R. MORLEY	Appendix I/Fuel Cost Recovery True-Up Calculation
(RS-1)	R. SILVA	Appendix I/Fuel Cost Recovery Forecast Assumptions
(RM-2)	R. MORLEY	Appendix II/Fuel Cost Recovery E-Schedules
(RM-3)	R. MORLEY	Appendix III/Capacity Cost Recovery Midcourse Correction

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 April 1, 1996 through September 30, 1996?

FPL: \$13,513,839 underrecovery. (MORLEY)

2. What is the estimated/actual fuel true-up amount for the period October 1, 1996 through March 31, 1997 based upon three months actual and three months revised estimates?

FPL: \$63,591,152 underrecovery. (MORLEY)

3. What is the total fuel true-up to be collected during the period April 1, 1997 through September 30, 1997?

FPL: \$77,104,991 underrecovery. (MORLEY)

4. What is the appropriate levelized fuel adjustment factor for the period April 1, 1997 through September 30, 1997?

FPL: 2.192 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 and Capacity Cost Recovery Factors should become effective with customer billing on cycle day 3 of April 1997 and continue through customer billings on cycle day 2 of September 1997. This will provide 6 months of billing on the Fuel and 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	2.192	1.00201	2.196
A-1	SL-1,OL-1	2.135	1.00201	2.139
B	GSD-1	2.192	1.00200	2.196
C	GSLD-1 & CS-1	2.192	1.00173	2.196
D	GSLD-2,CS-2, OS-2 & MET	2.192	0.99640	2.184
E	GSLD-3 & CS-3	2.192	0.96159	2.108
A	RST-1,GST-1 ON-PEAK	2.418	1.00201	2.423
	OFF-PEAK	2.081	1.00201	2.085
B	GSDT-1 ON-PEAK	2.418	1.00200	2.423
	CILC-1(G) OFF-PEAK	2.081	1.00200	2.085

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
C	GSLDT-1 & ON-PEAK	2.418	1.00173	2.422
	CST-1 OFF-PEAK	2.081	1.00173	2.084
D	GSLDT-2 & ON-PEAK	2.418	0.99640	2.409
	CST-2 OFF-PEAK	2.081	0.99640	2.073
E	GSLDT-3, CST-3 ON-PEAK	2.418	0.96159	2.325
	CILC-1(T)&ISST-1(T) OFF-PEAK	2.081	0.96159	2.001
F	CILC-1(D)& ON-PEAK	2.418	0.99814	2.413
	ISST-1(D) OFF-PEAK	2.081	0.99814	2.077

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 1997 through September 1997?

FPL: 1.01609. (MORLEY)

9a. Should FPL be allowed to recover the cost of implementing proposed equipment modifications at its generating and storage facilities to enable them to use low gravity fuel oil?

FPL: Yes. 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 January 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. FPL's proposal is consistent with the approval by the Commission in Order No. PSC-95-0450-FOF-EI, Docket No. 950001-EI, issued on April 6, 1995. For these reasons, FPL believes that it is appropriate to bring this issue forward for Commission consideration and approval. (SILVA/MORLEY)

9b. Should FPL be allowed to recover the depreciation expense and return on investment for 63 Scherer Plant rail cars?

FPL: Yes. As presented in FPL's testimony, ownership of the Scherer Plant rail cars is the least cost alternative. FPL's proposal is consistent with the approval by the Commission in Order No. 18136, Docket No. 870001-EI, for the SJRPP rail cars and Order No. PSC-95-1089-FOF-EI, Docket No. 950001-EI, for the previous purchase of 462 Scherer rail cars. The Commission stated 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. (SILVA/MORLEY)

CAPACITY COST RECOVERY ISSUES

10. Should FPL's request for a midcourse correction to its currently authorized Capacity Cost Recovery Factors be approved?

FPL: Yes. FPL is requesting that the Commission approve a midcourse correction to decrease its currently authorized Capacity Cost Recovery Factors. 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. (MORLEY)

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

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR (\$/KW)	CAPACITY RECOVERY FACTOR (\$/KWH)
RS1	-	0.00503
GS1	-	0.00456
GSD1	1.74	-
OS2	-	0.00330
GSLD1/CS1	1.74	-
GSLD2/CS2	1.78	-
GSLD3/CS3	1.74	-
CILCD/CILCG	1.79	-
CILCT	1.79	-

RATE CLASS	CAPACITY RECOVERY FACTOR (\$/KW)	CAPACITY RECOVERY FACTOR (\$/KWH)
MET	1.87	-
OL1/SL1	-	0.00083
SL2	-	0.00320

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST1D	.23	.11
SST1T	.21	.10
SST1D	.22	.11

F. STIPULATED ISSUES

None at this time.

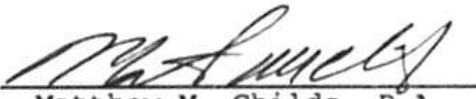
G. MOTIONS

FPL is aware of no outstanding Motions at this time.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP
215 South Monroe Street
Suite 601
Tallahassee, FL 32301-1804
Attorneys for Florida Power
& Light Company

BY:


Matthew M. Childs, P.A.

**CERTIFICATE OF SERVICE
DOCKET NO. 970001-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 27th day of January, 1997, to the following:

Vicki D. Johnson, Esq.**
Division of Legal Services
FPSC
2540 Shumard Oak Blvd. Rm.370
Tallahassee, FL 32399-0850

Joseph A. McGlothlin, Esq.
Vicki Gordon Kaufman, Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 South Gadsden Street
Tallahassee, FL 32301

G. Edison Holland, Esq.
Jeffrey A. Stone, Esq.
Beggs and Lane
P. O. Box 12950
Pensacola, FL 32576

Kenneth A. Hoffman, Esq.
William B. Willingham, Esq.
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P.O. Box 551
Tallahassee, FL 32302-0551

Suzanne Brownless, P.A.
1311-B Paul Russell Road
Suite 202
Tallahassee, Florida 32301

John Roger Howe, Esq.
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, FL 32399

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley & McMullen
227 S. Calhoun Street
P. O. Box 391
Tallahassee, FL 32302

James A. McGee, Esq.
Florida Power Corporation
P. O. Box 14042
St. Petersburg, FL 33733

John W. McWhirter, Jr., Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
Post Office Box 3350
Tampa, Florida 33601-3350

Frank C. Cressman
President
Florida Public Utilities Co.
P.O. Box 3395
West Palm Beach, FL 33402


Matthew M. Childs, P.A.