

AUSLEY & McMULLIEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET  
P.O. BOX 391 (ZIP 32302)  
TALLAHASSEE, FLORIDA 32301  
(904) 224-9115 FAX (904) 222-7880

ORIGINAL  
FILE COPY

February 12, 1997

HAND DELIVERED

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. 970001-EI

Dear Ms. Bayo:

At the Prehearing Conference conducted in the above docket on February 5, 1997 the Staff raised a new Issue 16B which read as follows:

ISSUE 16B: How should Tampa Electric Company reflect wholesale fuel revenues for fuel cost recovery purposes?

Based on discussions between the parties during and after the Prehearing Conference, the parties and the Staff have reworded Issue 16B as follows:

ISSUE 16B: How should the results of the Commission's scheduled vote at the February 18, 1997 agenda conference in Docket No. 970001-EI be treated in the February 19-21, 1997 fuel adjustment hearing?

Tampa Electric's position on this reworded issue is:

Tampa Electric does not believe that a vote of the Commission at an Agenda Conference on February 18, 1997 should cause a change in the proposed fuel adjustment factor to be considered at the fuel hearing scheduled to commence the next day, February 19, 1997, for the following reasons:

▶ The Commission's vote on the generic issue on February 18 will not determine DATE

- ACK \_\_\_\_\_
- AFA 1
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG Bas
- LEG 1
- LIN 3
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

0-1584 FEB 12 574  
FPSC-RECORDS/REPORTING

that any adjustment is required for any specific wholesale contract but, instead, if Staff's recommendation is approved, will provide a process by which the proper treatment may be determined on a prospective basis.

- ▶ The appropriate treatment of Tampa Electric's recently negotiated wholesale transactions with the Florida Municipal Power Agency and the City of Lakeland will be the subject of a hearing tentatively scheduled in June of 1997 in Docket No. 970171-EU.
- ▶ The Commission's vote on February 18 will be subject to reconsideration and/or appeal and clarification of the Commission's vote may be required.
- ▶ Premature implementation of a non-final vote could cause confusion and multiple fuel adjustment changes depending upon how the issue is finally resolved.
- ▶ The fuel adjustment clause has a true-up mechanism specifically designed to protect customers including a provision for interest. This process expressly contemplates adjustments being made after the fact based on known facts once they are final.
- ▶ Rate stability is an acknowledged goal of the Commission which would be jeopardized by premature implementation of non-final Commission votes.

Also enclosed is a 3.5" diskette containing the above response to Issue 16B 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.

Ms. Blanca S. Bayo  
February 12, 1997  
Page 3

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Enclosures

cc: All Parties of Record (w/enc.)