

AUSLEY & MCMULLEN

ATTORNEYS AND COUNSELORS AT LAW

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

July 28, 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:

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

We are also enclosing a diskette containing the above Prehearing Statement in WordPerfect 5.1 format.

ACK _____ Please acknowledge receipt and filing of the above by stamping
AFA _____ the duplicate copy of this letter and returning same to this
writer. *Vandiver*

APP _____ Thank you for your assistance in connection with this matter.

CAF _____

CMU _____

CTR _____

EAG _____

LEG _____

LIN _____

OPC _____

RCH _____

SEC _____

WAS _____

OTH _____

Sincerely,

James D. Beasley
James D. Beasley

JDB/pp
Enclosures

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

RECEIVED & FILED

DOCUMENT NUMBER-DATE

07592 JUL 28 97

FPSC-RECORDS/REPORTING

RECORDS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 970001-EI
FILED: July 28, 1996

PREHEARING STATEMENT OF TAMPA ELECTRIC COMPANY

A. APPEARANCES:

LEE L. WILLIS
JAMES D. BEASLEY
Ausley & 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>
<u>(Direct)</u>		
1. Karen A. Branick (TECO)	Fuel Adjustment True-up and Projections; Capacity Cost Recovery True-up and Projections; Broker Sales/Open Access (Supplemental Direct)	1,2,3,4,6,7,10,11, 12,13,18,19,20,21, 22
2. G. A. Keselowsky (TECO)	GPIF Reward/Penalty and Targets/Ranges	16,17
3. Charles A. Black (TECO)	Affiliated Coal Trans- portation Costs	15A,15B,15C,15D
4. G. J. Kordecki (TECO)	Broker Sales/Open Access	9,11
<u>(Rebuttal)</u>		
1. Karen A. Branick (TECO)	Rebuttal to Mr. Ballinger's Testimony	
2. G. J. Kordecki (TECO)	Rebuttal regarding trans- mission cost treatment of other utilities	

DOCUMENT NUMBER-DATE

07592 JUL 28 96

FPSC-RECORDS/REPORTING

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(KAB-1)</u>	Branick	Levelized fuel cost recovery and capacity cost recovery final true-up, October 1996 - March 1997
<u>(KAB-2)</u>	Branick	Fuel adjustment projection, October 1997 - March 1998
<u>(KAB-3)</u>	Branick	Capacity cost recovery projection, October 1997 - March 1998
<u>(KAB-4)</u>	Branick	Deferred Revenue Plan \$25 Million Refund - October 1997 - December 1998
<u>(KAB-5)</u>	Branick	Economy Sales re: FERC Order 888
<u>(GJK-1)</u>	Kordecki	Dockets in which Mr. Kordecki has Previously Testified before FPSC
<u>(GAK-1)</u>	Keselowsky	Generating Performance Incentive Factor Results, October 1998 - March 1997
<u>(GAK-2)</u>	Keselowsky	GPIF Targets and Ranges for October 1997 - March 1998
<u>(GAK-3)</u>	Keselowsky	Estimated Unit Performance Data, October 1997 - March 1998
<u>(CRB-1)</u>	Black	Transportation Benchmark Calculation, FPSC Order 93-0443-FOF-EI and FPSC Order No. 20298

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 and capacity cost recovery factors, including the proposed fuel adjustment factor of 2.304 cents per KWH before application of factors which adjust for variation in line losses

and the proposed capacity cost recovery factor of .171 cents per KWH before applying the 12 CP and 1/13 allocation methodology; the company's calculation of a GPIF reward of \$96,660; and Tampa Electric's proposed GPIF targets and ranges.

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 October, 1996 through March, 1997?

TECO: An overrecovery of \$1,926,965. (Branick)

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period April, 1997 through September, 1997?

TECO: An overrecovery of \$4,809,709. (Branick)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period October, 1997 through March, 1998?

TECO: An overrecovery of \$6,736,674. (Branick)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period October, 1997 through March, 1998?

TECO: 2.304 cents per KWH before application of the factors which adjust for variations in line losses. (Branick)

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

TECO: The factor should be effective beginning with the specified fuel cycle and thereafter for the period October, 1997 through March, 1998. Billing cycles may start before October 1, 1997, and the last cycle may be read after March 31, 1998, so that each customer is billed for six months regardless of when the adjustment factor became effective.

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

TECO:

Multiplier

Group A	1.0072
Group A1*	NA
Group B	1.0013
Group C	0.9687

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

ISSUE 7: What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

TECO:

	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.321	2.598	2.217
Group A1	2.274	NA	NA
Group B	2.307	2.582	2.204
Group C	2.232	2.498	2.132

(Branick)

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 October, 1997 through March, 1998?

TECO: 1.00083

ISSUE 9: How should the transmission costs be accounted for when determining the transaction price of an economy, Schedule C broker transaction between two directly interconnected utilities?

TECO: The transmission charges should be accounted for from the seller's share of the transaction savings as contemplated in FERC Orders Nos. 888 and 888-A for split-the-savings transactions. (Kordecki)

ISSUE 10: If the cost of transmission is used to determine the transaction price of an economy, Schedule C, broker transaction between two directly interconnected utilities, how should the costs of this transmission be recovered?

TECO: The transmission charges associated with an economy sale should be treated as operating income above the line. (Branick)

ISSUE 11: How should the transmission costs be accounted for when determining the transaction price of an economy, Schedule C, broker transaction that requires wheeling

between two non-directly interconnected utilities?

TECO: The transmission cost of the third party providing wheeling service should be billed to the buyer. (Branick/Kordecki)

ISSUE 12: If the cost of transmission is used to determine the transaction price of an economy, Schedule C, broker transaction that requires wheeling between two non-directly interconnected utilities, how should the costs of this transmission be recovered?

TECO: The cost of third party transmission for purchases should be dealt with as part of the overall fuel cost. (Branick)

ISSUE 13: Does the 20% stockholder sharing of gains from economy energy sales continue to be necessary to encourage economy sales?

TECO: Yes. The Commission's basis for employing an incentive for making economy sales was well reasoned and remains so. Any departure from this policy would discourage economy sales. (Branick)

Company Specific Fuel Adjustment Issues

ISSUE 15A: What is the appropriate 1996 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

TECO: \$42.48/Ton. (Black)

ISSUE 15B: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1996 benchmark price?

TECO: Yes. TECO's actual costs are below the benchmark as calculated by both Staff and the company, and therefore this issue is moot. (Black)

ISSUE 15C: What is the appropriate 1996 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

TECO: The 1996 transportation benchmark for affiliated waterborne coal transportation services is \$27.46. (Black)

ISSUE 15D: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 1996 waterborne transportation benchmark price?

TECO: Yes. TECO's actual costs are below the benchmark as calculated by both Staff and the company, and therefore this issue is moot. (Black)

Generic Generating Performance Incentive Factor Issues

ISSUE 16: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1996 through March, 1997?

TECO: Reward of \$96,660. (Keselowsky)

ISSUE 17: What should the GPIF targets/ranges be for the period October, 1997 through March, 1998?

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

Generic Capacity Cost Recovery Issues

ISSUE 18: What is the appropriate final capacity cost recovery true-up amount for the period October, 1996 through March, 1997?

TECO: An underrecovery of \$28,551. (Branick)

ISSUE 19: What is the estimated capacity cost recovery true-up amount for the period April, 1997 through September, 1997?

TECO: An underrecovery of \$316,537. (Branick)

ISSUE 20: What is the total capacity cost recovery true-up amount to be collected during the period October, 1997 through March, 1998?

TECO: An underrecovery of \$345,088. (Branick)

ISSUE 21: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October, 1997 through March, 1998?

TECO: \$12,221,953. (Branick)

ISSUE 22: What are the projected capacity cost recovery factors for the period October, 1997 through March 1998?

TECO: The appropriate factors are as follows:

<u>Rate Schedules</u>	<u>Factor</u>
RS	.228 cents per KWH
GS, TS	.220 cents per KWH
GSD	.168 cents per KWH
GSLD, SBF	.149 cents per KWH
IS-1 & 3, SBI-1 & 3	.013 cents per KWH
SL, OL (Branick)	.026 cents per KWH

F. STIPULATED ISSUES

TECO: Issue 5 should be stipulated.

G. MOTIONS

TECO: None at this time.

H. OTHER MATTERS

TECO: None at this time.

I. STATEMENT OF ANY REQUIREMENT SET FORTH IN ORDER PSC-97-0794-PCO-EI THAT CANNOT BE COMPLIED WITH

TECO: Tampa Electric knows of no such requirement that cannot be complied with at this time.

DATED this 28th day of July, 1997.

Respectfully submitted,



LEE L. WILLIS
JAMES D. BEASLEY
Ausley & 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 Tampa Electric Company's Prehearing Statement has been furnished by U. S. Mail or hand delivery (*) on this 24th day of July, 1997 to the following:

Ms. Leslie J. Paugh*
Staff Counsel
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. William B. Willingham
Rutledge, Ecenia, Underwood,
Purnell & Hoffman
Post Office Box 551
Tallahassee, FL 32302-0551

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

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

Ms. Suzanne Brownless
Suzanne Brownless P.A.
1311-B Paul Russell Road #201
Tallahassee, FL 32301

Mr. Jeffrey A. Stone
Beggs & Lane
Post Office Box 12950
Pensacola, FL 32576

Mr. Michael B. Twomey
Post Office Box 5256
Tallahassee, FL 32314-5256

Mr. James M. Scheffer, Pres.
Lake Dora Harbour Homeowners
Association, Inc.
130 Lakeview Lane
Mt. Dora, FL 32757



ATTORNEY