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Matthew M. Childs, P.A.

July 28, 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 ten (10) 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
Matthew M. Childs, P.A.

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power)	DOCKET NO. 970001-EI
cost recovery clauses and)	
generating performance incentive)	FILED: JULY 28, 1997
factor)	

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-97-0796-PCO-EI, issued July 3, 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.
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Tallahassee, FL 32301

B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
R. SILVA R. WADE K. DUBIN	Fuel Adjustment, True-Up and Projections	1,2,3, 4,5,6, 7,8
M.VILLAR	Treatment of Transmission Costs in a Schedule C Purchase and Sale	9,10,11,12
R. SILVA	GPIF, True-Up and Projections	13,14
K. DUBIN	Capacity Cost Recovery, True-Up and Projections	15,16,17
R. SILVA K. DUBIN	SJRPP Energy Suspension	18

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(KMD-1)	K.M. DUBIN	Appendix I/Fuel Cost Recovery True-Up Calculation
(RS-3)	R. SILVA	Appendix I/Fuel Cost Recovery Forecast Assumptions
(KMD-2)	K.M. DUBIN	Appendix II/Fuel Cost Recovery E-Schedules
(KMD-3)	K.M. DUBIN	Appendix III/Capacity Cost Recovery Calculation of Factors
(RS-1)	R. SILVA	Document No. 1/GPIF Results
(RS-2)	R. SILVA	Document No. 1/GPIF Targets and Ranges
(MV-1)	M. VILLAR	Delivered Price of Product Methodology (FPL) Schedule C Purchase
(MV-2)	M. VILLAR	Delivered Price of Product Methodology (FPL) Schedule C Sale

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, 1996 through March 31, 1997?
FPL: \$13,141,163 overrecovery. (DUBIN)
2. What is the estimated/actual fuel true-up amount for the period April 1, 1997 through September 30, 1997 based upon two months actual and four months revised estimates?

FPL: \$14,618,648 overrecovery. (DUBIN)

3. What is the total fuel true-up to be collected during the period October 1, 1997 through March 31, 1998?

FPL: \$27,759,811 overrecovery. (DUBIN)

4. What is the appropriate levelized fuel adjustment factor for the period October 1, 1997 through March 31, 1998?

FPL: 1.643 cents/kwh is the levelized recovery charge. (DUBIN)

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 October 1997 and continue through customer billings on cycle day 2 of March 1998 and the new capacity cost recovery factors should become effective with customer billing on cycle day 3 of October 1997 and continue through customer billings on cycle day 2 of September 1998. 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. (DUBIN)

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. (DUBIN)

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	1.643	1.00213	1.646
A-1	SL-1,OL-1	1.627	1.00213	1.630
B	GSD-1	1.643	1.00212	1.646

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
C	GSLD-1 & CS-1	1.643	1.00179	1.646
D	GSLD-2, CS-2, OS-2 & MET	1.643	0.99591	1.636
E	GSLD-3 & CS-3	1.643	0.95658	1.571
A	RST-1, GST-1 ON-PEAK OFF-PEAK	1.734 1.607	1.00213 1.00213	1.737 1.610
B	GSDT-1 ON-PEAK CILC-1(G) OFF-PEAK	1.734 1.607	1.00212 1.00212	1.737 1.610
C	GSLDT-1 & ON-PEAK CST-1 OFF-PEAK	1.734 1.607	1.00179 1.00179	1.737 1.610
D	GSLDT-2 & ON-PEAK CST-2 OFF-PEAK	1.734 1.607	0.99591 0.99591	1.726 1.600
E	GSLDT-3, CST-3 ON-PEAK CILC-1(T)&ISST-1(T) OFF-PEAK	1.734 1.607	0.95658 0.95658	1.658 1.537
F	CILC-1(D)& ON-PEAK ISST-1(D) OFF-PEAK	1.734 1.607	0.99785 0.99785	1.730 1.603

(DUBIN)

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?

FPL: 1.01609. (DUBIN)

COMPANY SPECIFIC FUEL ISSUES

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

FPL: The broker incorporates these costs by adjusting the buyer's costs where there is a separate additional charge just like it is done for transactions between non-directly interconnected utilities. (VILLAR)

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 cost of this transaction be recovered?

FPL: The additional revenue, if any, should be flowed through the fuel clause. (VILLAR)

11. How should 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?

FPL: FPL is proposing no change in the manner in which transmission costs are accounted for by the Broker for transactions between two non-directly interconnected utilities. In these transactions, the Broker adjusts the buyer's quote to recognize the transmission cost. (VILLAR)

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

FPL: FPL is proposing no change in the current regulatory treatment of these costs. Transmission costs paid to intervening utilities are part of the total cost of Schedule C transactions and should continue to be recovered through the Fuel Clause. (VILLAR)

GPIF ISSUES

13. What should the GPIF Rewards/Penalties be for the period of April 1, 1996 through September 30, 1996.

FPL: \$5,801,940 reward. (SILVA)

14. What should the GPIF Target/Ranges be for the period of October 1, 1997 through September 30, 1998?

FPL:

PLANT/UNIT	EAF TARGET(%)	HEAT RATE HR. TARGET (BTU/Kwh)
CAPE CANAVERAL 1	93.6	9378
CANAVERAL 2	89.3	9437
LAUDERDALE 4	88.7	7212
LAUDERDALE 5	93.5	7263
FORT MYERS 2	93.7	9294
MARTIN 3	95.2	7003
MARTIN 4	93.0	7016
PORT EVERGLADES 3	80.8	9741
RIVIERA 3	76.5	9518
RIVIERA 4	92.5	9764
SANFORD 5	94.3	9947
TURKEY POINT 3	92.8	10971
TURKEY POINT 4	89.1	11044
ST. LUCIE 1	72.7	10913
ST. LUCIE 2	93.6	10940
SCHERER 4	87.6	9994

GPIF SYSTEM WEIGHTED AVERAGE NET OPERATING HR 9277

(SILVA)

CAPACITY COST RECOVERY ISSUES

15. What is the estimated/actual capacity true-up amount for the period January 1, 1997 through September 30, 1997, which is based upon five months actual costs and four months revised estimates. Actual costs for the period October 1, 1996 through December 31, 1996 were included in the capacity cost recovery midcourse correction approved by the Commission in Order No. PSC-97-0359-FOF-EI issued on March 31, 1997.

FPL: \$10,479,736 overrecovery. (DUBIN)

16. 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 September 1998?

FPL: \$480,405,069 (DUBIN)

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	-	0.00674
GS1	-	0.00587
GSD1	2.15	-
OS2	-	0.00349
GSLD1/CS1	2.20	-
GSLD2/CS2	2.21	-
GSLD3/CS3	2.15	-
CILCD/CILCG	2.25	-
CILCT	2.11	-
MET	2.36	-
OL1/SL1	-	0.00108
SL2	-	0.00411

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST1D	.29	.14
SST1T	.27	.13
SST1D	.29	.14

(DUBIN)

18. Should FPL be authorized to recover the costs associated with future capacity payments to be made to Jacksonville Electric Authority (JEA)?

FPL:

Yes. FPL is requesting that it be authorized to collect \$4.7 million per year associated with future capacity payments to JEA. There is a mismatch between the period over which FPL currently anticipates it will continue to receive energy from JEA's ownership share of SJRPP, and the period over which FPL is contractually required to make annual capacity payments to JEA. The total quantity of energy FPL can take from JEA's

ownership share of SJRPP is limited and FPL is currently taking as much SJRPP energy as possible. Thereafter FPL will, consistent with the Contract, continue making capacity payments through the year 2020, but would receive no energy from JEA's share of SJRPP. FPL is requesting that \$4.7 million annually associated with the SJRPP energy suspension be recovered through the capacity cost recovery clause beginning in 1998. FPL is requesting to collect this annual amount from 1998 through 2014 so that in the years 2015 through 2020, when FPL will receive no energy from JEA's ownership share of SJRPP, FPL's customers would not pay capacity charges. For these reasons, FPL believes it is appropriate to bring this issue forward for Commission consideration and approval.

F. STIPULATED ISSUES

None at this time.

G. MOTIONS

On July 21, 1997 FPL filed a Motion for Extension of Time to File Rebuttal Testimony to witness Ballinger.

Respectfully submitted,

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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 24th day of July, 1997, to the following:

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