

ORIGINAL

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 970001-EI
FLORIDA POWER & LIGHT COMPANY**

NOVEMBER 20, 1997

IN RE: LEVELIZED FUEL COST RECOVERY

FINAL TRUE-UP

APRIL 1997 THROUGH SEPTEMBER 1997

TESTIMONY & EXHIBITS OF:

K. DUBIN

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

TESTIMONY OF KOREL M. DUBIN

DOCKET NO. 970001-EI

November 20, 1997

1 **Q.** **Please state your name, business address, employer and**
2 **position.**

3 **A.** **My name is Korel M. Dubin, and my business address is 9250 West**
4 **Flagler Street, Miami, Florida, 33174. I am employed by Florida Power**
5 **& Light Company (FPL) as Principal Rate Analyst in the Rates and**
6 **Tariff Administration Department.**

7

8 **Q.** **Have you previously testified in this docket?**

9 **A.** **Yes, I have.**

10

11 **Q.** **What is the purpose of your testimony in this proceeding?**

12 **A.** **The purpose of my testimony is to present the schedules necessary**
13 **to support the actual Fuel Cost Recovery Clause (FCR) Net True-Up**
14 **amount for the period April 1997 through September 1997. The Net**
15 **True-Up for the FCR is an underrecovery, including interest, of**

1 \$64,381,785. I am requesting Commission approval to include this
2 true-up amount in the calculation of the FCR factor for the period April
3 1996 through September 1998.

4
5 **Q. Have you prepared or caused to be prepared under your**
6 **direction, supervision or control an exhibit in this proceeding?**

7 **A. Yes, I have. It consists of Appendix I which contains the FCR related**
8 **schedules. FCR Schedules A-1 through A-13 for the April 1997**
9 **through September 1997 period have been filed monthly with the**
10 **Commission and served on all parties. These schedules are**
11 **incorporated herein by reference.**

12
13 **Q. What is the source of the data which you will present by way of**
14 **testimony or exhibits in this proceeding?**

15 **A. Unless otherwise indicated, the actual data is taken from the books**
16 **and records of FPL. The books and records are kept in the regular**
17 **course of our business in accordance with generally accepted**
18 **accounting principles and practices, and provisions of the Uniform**
19 **System of Accounts as prescribed by this Commission.**

20
21 **Q. Please explain the calculation of the Net True-up Amount.**

22 **A. Appendix I, page 3, entitled "Summary of Net True-Up", shows the**
23 **calculation of the Net True-Up for the six-month period April 1997**
24 **through September 1997, an underrecovery of \$64,381,785, which I**

1 am requesting be included in the calculation of the Fuel Cost
2 Recovery Factor for the period April 1998 through September 1998.
3 The calculation of the true-up amount for the period follows the
4 procedures established by this Commission as set forth on
5 Commission Schedule A-2 "Calculation of True-Up and Interest
6 Provision".
7

8 The actual End-of-Period underrecovery for the six-month period April
9 1997 through September 1997 of \$49,763,137 shown on line 1, less
10 the estimated/actual End-of-Period overrecovery for the same period
11 of \$14,618,648 shown on line 2 that was included in the calculation of
12 the Fuel Cost Recovery Factor for the period October 1997 through
13 March 1998, results in the Net True-Up for the six-month period April
14 1997 through September 1997 shown on line 3, an underrecovery of
15 \$64,381,785.
16

17 **Q. Have you provided a schedule showing the variances between**
18 **actuals and estimated/actuals?**

19 **A. Yes. Appendix I, page 4, entitled "Calculation of Final True-up**
20 **Variances", shows the actual fuel costs and revenues compared to the**
21 **estimated/actuals for the period April 1997 through September 1997.**
22

23 **Q. What was the variance in fuel costs?**

24 **A. As shown on Appendix I, page 4, line A7, actual fuel costs on a Total**

1 Company basis were \$65.4 million higher than the estimated/actual
2 projection. This variance is primarily due to a \$105.0 million increase
3 in the Fuel Cost of System Net Generation, offset by a \$23.5 million
4 decrease in the Energy Cost of Economy Purchases and a \$19.2
5 million variance in the Fuel Cost of Power Sold.

6
7 The increase in the Fuel Cost of System Net Generation was primarily
8 due to 11.3% higher than anticipated oil consumption and 8.2% higher
9 than anticipated gas consumption resulting in an approximate \$51
10 million variance. Additionally, the unit cost of oil was 7.3% higher than
11 projected and gas prices were 10.6% higher than projected, resulting
12 in an approximate \$54 million variance. The decrease in the Energy
13 Cost of Economy Purchases was primarily due to hot weather in the
14 Southeast which reduced the availability of low cost economy energy.
15 The variance in the Fuel Cost of Power Sold was primarily due to
16 greater than projected opportunity sales due to hot weather in the
17 Southeast.

18
19 **Q. What was the variance in retail (jurisdictional) Fuel Cost**
20 **Recovery revenues?**

21 **A. As shown on line D1, actual jurisdictional Fuel Cost Recovery**
22 **revenues, net of revenue taxes, were \$927,130 higher than the**
23 **estimated/actual projection. This increase was due to higher**
24 **jurisdictional kWh sales. Jurisdictional sales were 35,864,459 kWh**

1 (0.1%) higher than the estimated/actual projection.

2

3 **Q. How is Real Time Pricing (RTP) reflected in the calculation of the**
4 **Net True-up Amount?**

5 **A. In the determination of Jurisdictional kWh sales, only kWh sales**
6 **associated with RTP baseline load are included, consistent with**
7 **projections (Appendix I, page 4, Line C3). In the determination of**
8 **Jurisdictional Fuel Costs, revenues associated with RTP incremental**
9 **kWh sales are included as 100% Retail (Appendix I, page 4, Line D4c)**
10 **in order to offset incremental fuel used to generate these kWh sales.**

11

12 **Q. Does this conclude your testimony?**

13 **A. Yes, it does.**

APPENDIX I
FUEL COST RECOVERY
TRUE-UP CALCULATION

KMD-1
DOCKET NO. 970001-EI
FPL WITNESS: K. DUBIN
EXHIBIT _____
PAGES 1-4
NOVEMBER 20, 1997

APPENDIX I
FUEL COST RECOVERY CLAUSE
TABLE OF CONTENTS

<u>PAGE</u>	<u>DESCRIPTION</u>
3	SUMMARY OF NET TRUE-UP AMOUNT
4	CALCULATION OF FINAL TRUE-UP VARIANCES

**FLORIDA POWER & LIGHT COMPANY
FUEL COST RECOVERY CLAUSE
SUMMARY OF NET TRUE-UP FOR THE
SIX MONTH PERIOD APRIL 1997 THROUGH SEPTEMBER 1997**

1	End of Period True-up for the six month period April 1997 through September 1997 (from page 4, lines D7 & D8)	\$ (49,763,137)
2	Less - Estimated/Actual True-up for the same period *	14,618,648
3	Net True-up for the six month period April 1997 through September 1997	<u>\$ (64,381,785)</u>

() Reflects Underrecovery

- Approved in FPSC Order No. PSC-97-1045-FOF-EI dated September 5, 1997

FLORIDA POWER & LIGHT COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP VARIANCES
FOR THE PERIOD APRIL THROUGH SEPTEMBER 1997

LINE NO.		(1)	(2)	(3)	(4)
		ACTUAL	UPDATED ESTIMATE (a)	VARIANCE AMOUNT	%
A 1 a	Fuel Cost of System Net Generation	\$ 741,629,964	\$ 636,628,172	\$ 105,001,792	16.5 %
	b Nuclear Fuel Disposal Costs	10,521,939	10,197,161	324,778	3.2 %
	c Coal Cars Depreciation & Return	2,695,620	2,672,764	22,856	0.9 %
	d Nuclear Thermal Uprate Amortization & Return	2,448,945	2,448,947	(2)	0.0 %
	e Gas Pipelines Depreciation & Return	1,722,715	1,722,717	(2)	0.0 %
	f DOE Decontamination & Decommissioning Fund Payment	0	0	0	N/A
2	Fuel Cost of Power Sold	(31,434,743)	(12,270,505)	(19,164,238)	156.2 %
3 a	Fuel Cost of Purchased Power	75,350,317	74,209,565	1,140,752	1.5 %
	b Energy Payments to Qualifying Facilities	71,144,985	69,215,175	1,929,810	2.8 %
4	Energy Cost of Economy Purchases	20,150,806	43,617,047	(23,466,241)	(53.8) %
5	Total Fuel Costs & Net Power Transactions	\$ 894,230,549	\$ 828,441,042	\$ 65,789,506	7.9 %
6	Adjustments to Fuel Cost				
	a Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	\$ (11,720,848)	\$ (11,276,498)	\$ (444,350)	3.9 %
	b Reactive and Voltage Control Fuel Revenues	(195,098)	(80,439)	(114,659)	142.5 %
	c Inventory Adjustments	117,443	42,181	75,262	N/A
	d Non Recoverable Oil/Tank Bottoms	(171,262)	(199,366)	28,104	(14.1) %
	e Modifications to Burn Low Gravity Oil	146,055	38,611	107,444	278.3 %
7	Adjusted Total Fuel Costs & Net Power Transactions	\$ 882,406,839	\$ 816,965,531	\$ 65,441,307	8.0 %
C 1	Jurisdictional kWh Sales	42,082,176,989	42,046,312,530	35,864,459	0.1 %
2	Sale for Resale	182,923,078	165,304,596	17,618,482	10.7 %
3	Total Sales (Excluding RTP Incremental)	42,265,100,067	42,211,617,126	53,482,941	0.1 %
4		N/A	N/A	N/A	N/A
D 1	Jurisdictional Fuel Revenues (Net of Revenue Taxes)	\$ 908,013,519	\$ 907,086,389	\$ 927,130	0.1 %
	a Prior Period True-up Provision	(77,104,991)	(77,104,991)	0	0.0 %
	b GPIF, Net of Revenue Taxes (b)	0	0	0	N/A
	c Oil Backout Revenues, Net of revenue taxes	2,139	1,237	902	72.9 %
3	Jurisdictional Fuel Revenues Applicable to Period	\$ 830,910,667	\$ 829,982,635	\$ 928,032	0.1 %
4 a	Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	\$ 882,406,839	\$ 816,965,531	\$ 65,441,308	8.0 %
	b Nuclear Fuel Expense - 100% Retail	11,859	11,859	(0)	0.0 %
	c RTP incremental Fuel -100% Retail	451,916	138,627	313,289	226.0 %
	d D&D Fund Payments -100% Retail	0	0	0	N/A
	e Adj. Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (D4a-D4b-D4c-D4d)	881,943,064	816,815,045	65,128,019	8.0 %
6	Jurisdictional Total Fuel Costs & Net Power Transactions	\$ 879,226,929	\$ 814,430,256	\$ 64,796,673	8.0 %
7	True-up Provision for the Period- Over/(Under) Recovery (Line D3 - Line D6)	\$ (48,316,262)	\$ 15,552,379	\$ (63,868,641)	(410.7) %
8	Interest Provision for the Month	(1,446,875)	(933,731)	(513,144)	55.0 %
9	True-up & Interest Provision Beg. of Period - Over/(Under)	(77,104,991)	(77,104,991)	0	0.0 %
	a Deferred True-up Beginning of Period - Over/(Under) Recovery	13,141,163	13,141,163	0	0.0 %
10	Prior Period True-up Collected/(Refunded) This Period	77,104,991	77,104,991	0	0.0 %
11	End of Period Net True-up Amount Over/(Under) Recovery (Lines D7 through D10)	\$ (36,621,974)	\$ 27,759,811	\$ (64,381,785)	(231.9) %
NOTES	(a) Per Schedule E-1b, filed June 23, 1997.				
	(b) Generation Performance Incentive Factor per Order No. PSC-97-0359-FOF-EI is zero.				