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February 6, 1998

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. 980001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of Tampa Electric Company's Prehearing Statement, along with a diskette containing the above-referenced Prehearing Statement in WordPerfect 5.0 format.

Also enclosed are ten (10) copies of Prepared Direct Testimony of Karen O. Zwolak (Revised February 6, 1998). This testimony changes certain amounts to reflect the inclusion of an interest provision that was left out in the initial testimony. We have bolded the revised numbers in Ms. Zwolak's testimony to make them easier to locate.

ACK _____
AFA Wardner Also enclosed are ten (10) copies of revised schedules supporting Ms. Zwolak's testimony which reflect the revisions noted above.
APP _____

CAF _____ We would appreciate your distributing the revised testimony and exhibits to the recipients of the initial filing with the Commission so they may substitute the revised materials in place of the originals.
CMU _____
CTR _____

EAG Wardner
LEG Wardner Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this office.
LIT _____

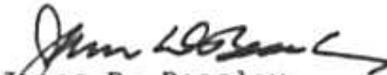
Prehearing
DOCUMENT NUMBER _____ DATE
01962 FEB-6 98
FPSC DOCKET NO. 980001-EI

Testimony
DOCUMENT NUMBER _____ DATE
01963 FEB-6 98
FPSC DOCKET NO. 980001-EI

Ms. Blanca S. Bayo
February 6, 1998
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Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

JDB/pp
Enclosures

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

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 980001-EI
FILED: February 6, 1998

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 O. Zwolak (TECO)	Fuel Adjustment True-up and Projection Capacity Cost Recovery True-up and Projections	1,2,3,4,5,6,7,8, 13A,13B,13C,16, 17,18,19,20,22
2. G. A. Keselowsky (TECO)	GPIF Reward/Penalty and Targets/Ranges	14,15

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
_____ (KOZ-1)	Zwolak	Fuel cost recovery and capacity cost recovery final true-up April 1997 - September 1997
_____ (KOZ-2)	Zwolak	Fuel adjustment projection, April 1998 - September 1998
_____ (KOZ-3)	Zwolak	Capacity cost recovery projection, April 1998 - September 1998
_____ (KOZ-4)	Zwolak	Deferred Revenue Plan \$25 million refund - April 1998 - December 1998

DOCUMENT NUMBER DATE

01962 FEB-08

TPSC PUBLIC UTILITY REPORTING

<u>(GAK-1)</u>	Keselowsky	Generating Performance Incentive Factor Results, April 1997 - September 1997
<u>(GAK-2)</u>	Keselowsky	GPIF Targets and Ranges Estimated for April 1998 - September 1998
<u>(GAK-3)</u>	Keselowsky	Estimated Unit Performance Data, April 1997 - September 1997

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, capacity cost recovery and GPIF true-up calculations, including the proposed fuel adjustment factor of 2.337 cents per KWH before application of factors which adjust for variation in line losses; the proposed capacity cost recovery factor of .147 cents per KWH before applying the 12 CP and 1/13 allocation methodology; and a GPIF penalty of \$363,850.

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 April, 1997 through September, 1997?
- TECO:** An underrecovery of \$6,042,407. (Zwolak)
- ISSUE 2:** What are the estimated fuel adjustment true-up amounts for the period October, 1997 through March, 1998?
- TECO:** An overrecovery of \$10,415,528. (Zwolak)
- ISSUE 3:** What are the total fuel adjustment true-up amounts to be collected/refunded during the period April, 1998 through September, 1998?
- TECO:** An overrecovery of \$4,373,121. (Zwolak)
- ISSUE 4:** What are the appropriate levelized fuel cost recovery factors for the period April, 1998 through September,

1998?

TECO: 2.337 cents per KWH before application of the factors which adjust for variations in line losses. (Zwolak)

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

TECO: The factors should be effective beginning with the specified fuel cycle and thereafter for the period April, 1998 through September, 1998. Billing cycles may start before April 1, 1998, and the last cycle may be read after September 30, 1998, so that each customer is billed for six months regardless of when the adjustment factors became effective. (Zwolak)

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

<u>TECO:</u>	<u>Group</u>	<u>Multiplier</u>
	Group A	1.0072
	Group A1	n/a*
	Group B	1.0013
	Group C	0.9687

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

ISSUE 7: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

<u>TECO:</u>	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>	
	Group A	2.354	3.334	1.883
	Group A1	2.101	n/a	n/a
	Group B	2.340	3.314	1.872
	Group C	2.264	3.206	1.811

(Zwolak)

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 April, 1998 through September, 1998?

TECO: 1.0083. (Zwolak)

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

ISSUE 13A: Has Tampa Electric Company properly calculated the transmission revenue associated with economy, Schedule C, broker energy sales between itself and directly interconnected utilities as directed by Order No. PSC-98-0073-FOF-EI in Docket No. 980001-EI, issued January 13, 1998?

TECO: Tampa Electric has appropriately calculated the revenues associated with economy Schedule C, broker sales between itself and directly interconnected utilities pursuant to Order PSC-98-0073-FOF-EI in Docket No. 980001-EI, issued January 13, 1998. (Zwolak)

ISSUE 13B: How should Tampa Electric continue the temporary base rate reduction pursuant to the stipulation approved by the Commission in Order No. PSC-96-1300-S-EI in Docket No. 960409-EI, issued October 24, 1996?

TECO: The rate reduction, which will total \$25 million is reflected as a line-item credit on customers' bills over a 15 month period which commenced October 1, 1997, with the reduction netted against 1999 refunds which may have otherwise been made pursuant to the Stipulation reached in Docket No. 950379-EI and approved in Order No. PSC-96-1300-S-EI. The temporary base rate reduction is 0.130 cents/kwh on average and should be adjusted for each rate class according to the line loss factors calculated in Issue 6. (Zwolak)

ISSUE 13C: Did Tampa Electric properly calculate the true-up adjustment of the refund credit factor as agreed to in the stipulation approved in Order No. PSC-96-0670-S-EI, in Docket No. 950379-EI, issued May 20, 1996?

TECO: The true-up adjustment of the refund credit factor as agreed to in the stipulation approved in Order No. PSC-96-0670-S-EI, in Docket No. 950379-EI, issued May 20, 1996 was properly calculated and was reflected on customers' bills as a Revenue Credit Refund Factor. This Refund Factor was terminated with the last billing cycle in September, 1997. An overrecovery of \$329,229 was identified in the October, 1997 actual fuel adjustment filing. (Zwolak)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1997 through September, 1997?

TECO: Penalty of \$363,850. (Keselowsky)

ISSUE 15: What should the GPIF targets/ranges be for the period April, 1998 through September, 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 16: What is the appropriate final capacity cost recovery true-up amount for the period April, 1997 through September, 1997?

TECO: An underrecovery of \$642,312. (Zwolak)

ISSUE 17: What is the estimated capacity cost recovery true-up amount for the period October, 1997 through March, 1998?

TECO: An overrecovery of \$343,530. (Zwolak)

ISSUE 18: What is the total capacity cost recovery true-up amount to be collected during the period April, 1998 through September, 1998?

TECO: An overrecovery of \$298,782. (Zwolak)

ISSUE 19: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period April, 1998 through September, 1998?

TECO: \$12,431,829. (Zwolak)

ISSUE 20: What are the projected capacity cost recovery factors for the period April, 1998 through September, 1998?

TECO: The appropriate factors are as follows:

<u>Rate Schedules</u>	<u>Factor</u>
RS	.188 cents per KWH
GS, TS	.181 cents per KWH
GSD, EV-X	.139 cents per KWH
GSLD, SBF	.123 cents per KWH
IS-1 & 3, SBI-1 & 3	.011 cents per KWH
SL/OL	.022 cents per KWH
(Zwolak)	

OTHER ISSUES

ISSUE 22: Should the Commission approve a change in the frequency of the fuel and purchased power cost recovery hearings from semi-annual hearings to annual hearings? If the change is approved, what 12 month period (fiscal or calendar) should be used and how should the change be implemented?

TECO: Tampa Electric believes the Commission should approve a change in the frequency of all cost recovery clause hearings from semi-annual to annual hearings and that the 12 month period used should be based upon a fiscal year so that rates are effective from April through March. To effect this change, Tampa Electric recommends that annual projection filings be filed with the Commission in January of 1999 so that the rates become effective April 1999 through March 2000. (Zwolak)

F. STIPULATED ISSUES

TECO: Issue 5 should be stipulated.

G. MOTIONS

TECO: None at this time.

H. OTHER MATTERS

TECO: None at this time.

DATED this 6th day of February, 1998.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 6th day of February, 1998 to the following:

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