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Matthew M. Childs, P.A.

February 6, 1998

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. 980001-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, P.A.

ACK _____
 AFA Wanderer
 APP MMC/ml
 CAF Enclosures
 CMU _____
 cc: All Parties of Record
 CTR _____
 EAG John M. M...
 LRG _____
 LIT 3
 OPC _____
 RLT _____
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power)	DOCKET NO. 980001-EI
cost recovery clauses and)	
generating performance incentive)	FILED: FEBRUARY 6, 1998
factor)	
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**FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT**

Pursuant to Order No. PSC-98-0046-PCO-EI, issued January 6, 1998, 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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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
R. SILVA R.L. WADE K.M. DUBIN	Fuel Adjustment, True-Up and Projections	1,2,3, 4,5,6, 7,8
K.M. DUBIN	Fuel Cost Recovery Period	10B,10C 22
K.M. DUBIN	Capacity Cost Recovery Midcourse Correction, Capacity Cost Recovery Period	21A,21B, 21C,21D, 21E
K. ADJEMIAN	Rebuttal to Mr. Ballinger	

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-1)	R. SILVA	Appendix I/Fuel Cost Recovery Forecast Assumptions
(KMD-2)	K.M. DUBIN	Appendix II/Fuel Cost Recovery E-Schedules (April to December 1998)
(KMD-3)	K.M. DUBIN	Appendix III/Fuel Cost Recovery E-Schedules (April to September 1998)
(KMD-4)	K.M. DUBIN	Appendix IV/Capacity Cost Recovery Midcourse Correction
(KA-1)	K. ADJEMIAN	Appendix I/Table I Comparison of Equivalent Availability Between FRCC Study and GPIF Targets

D. STATEMENT OF BASIC POSITION

None necessary.

E. STATEMENT OF ISSUES AND POSITIONS

GENERIC FUEL ADJUSTMENT ISSUES

1. What are the appropriate final fuel adjustment true-up amounts for the period April 1997 through September, 1997?
FPL: \$64,381,785 underrecovery. (DUBIN)
2. What are the estimated fuel adjustment true-up amounts for the period October, 1997 through March, 1998?
FPL: \$71,127,379 underrecovery. (DUBIN)
3. What are the total fuel adjustment true-up amounts to be collected/refunded during the period April, 1998 through December, 1998?
FPL: \$135,509,164 underrecovery to be collected during the period April, 1998 through December, 1998. (DUBIN)

4. What are the appropriate levelized fuel adjustment factors for the period April, 1998 through September, 1998?

FPL: 1.972 cents/kwh is the levelized recovery charge to be collected during the period April, 1998 through December 1998. (DUBIN)

5. What should be the effective date of the new factors for fuel adjustment and capacity cost recovery?

FPL: The Company is requesting that the new Fuel Cost Recovery Factors should become effective with customer billing on cycle day 3 of April 1998 and continue through customer billings on cycle day 2 of December 1998. This will provide 9 months of billing on the Fuel Cost Recovery and Capacity Cost Recovery Factors for all customers. FPL has also presented in its filing the traditional six month calculation of fuel costs and resulting fuel factors which should be used should the Commission not approve the requested nine month factors. (DUBIN)

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?

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 adjusted for line losses?

FPL: **APRIL 1998 THROUGH DECEMBER 1998**

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1,GS-1,SL-2	1.972	1.00213	1.976
A-1*	SL-1,OL-1	1.942	1.00213	1.946
B	GSD-1	1.972	1.00212	1.976
C	GSLD-1 & CS-1	1.972	1.00179	1.975

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL LOSS	RECOVERY MULTIPLIER	FUEL RECOVERY FACTOR
D	GSLD-2, CS-2, OS-2 & MET	1.972		0.99591	1.963
E	GSLD-3 & CS-3	1.972		0.95658	1.886
A	RST-1, GST-1 ON-PEAK	2.099		1.00213	2.103
	OFF-PEAK	1.912		1.00213	1.916
B	GSDT-1 ON-PEAK	2.099		1.00212	2.103
	CILC-1 (G)				
	OFF-PEAK	1.912		1.00212	1.916
C	GSLDT-1 & ON-PEAK	2.099		1.00179	2.102
	CST-1 OFF-PEAK	1.912		1.00179	1.915
D	GSLDT-2 & ON-PEAK	2.099		0.99591	2.090
	CST-2 OFF-PEAK	1.912		0.99591	1.904
F	GSLDT-3, CST-3 ON-PEAK	2.099		0.95658	2.007
	CILC-1 (T) & ISST-1 (T)				
	OFF-PEAK	1.912		0.95658	1.829
F	CILC-1 (D) & ON-PEAK	2.099		0.99785	2.094
	ISST-1 (D)				
	OFF-PEAK	1.912		0.99785	1.908

*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

(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 April, 1998 through September, 1998?

FPL: 1.01609 is the revenue tax factor to be applied for the projection period of April, 1998 through December, 1998. (DUBIN)

COMPANY SPECIFIC FUEL ISSUES

- 10A. Has Florida Power & Light 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?

FPL: Yes. The transmission revenues associated with Schedule C, broker energy sales for the period January 1997 through November 1997 is \$1,169,966.20.

- 10B. Should FPL's Fuel Cost Recovery period be changed to the twelve calendar months in a year beginning January 1999?

FPL: Yes, In support of FPL's proposed change, FPL believes the twelve month recovery period offers significant cost reduction benefits and, facilitates customer planning for cost of electricity by having the fuel cost estimates for a longer term than currently and on a calendar year basis. (DUBIN)

- 10C. Is it appropriate to establish FPL's proposed fuel cost recovery factors for the period April through December 1998 to accomplish a transition to a recovery period of twelve calendar months?

FPL: Yes. To facilitate the transition to a twelve calendar month annual cost recovery period, FPL believes the most efficient way is to implement a nine month factor. Therefore, FPL is presenting the fuel factor for the period April 1998 through December 1998. FPL also presents in the Testimony and Exhibits of K.M. Dubin the factor on a six month basis. (DUBIN)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

FPL: Pursuant to Commission Order No. PSC-96-1172-FOF-EI dated September 19, 1996 FPL's GPIF Recovery period is October through September, therefore there are no general GPIF factor issues for FPL.

GENERIC CAPACITY COST RECOVERY ISSUES

FPL: Pursuant to Commission Order No. PSC-96-1172-FOF-EI dated September 19, 1996 FPL's Capacity Cost Recovery period is October through September, therefore there are no general Capacity Cost factor issues for FPL.

COMPANY SPECIFIC CAPACITY COST RECOVERY ISSUES

21A. Should FPL's original projections for capacity payments to Osceola and Okeelanta Qualifying Facilities for the period June, 1997 through September, 1998, be excluded?

FPL: Yes. FPL believes it is appropriate to discontinue collecting capacity payments from FPL's customers since FPL has not made any capacity payments to the Osceola and Okeelanta qualifying facilities. The issue of whether the qualifying facilities are entitled to capacity payments is a subject of litigation between FPL and the owners of the qualifying facilities. (DUBIN)

21B. Should FPL's request for a midcourse correction to its currently authorized Capacity Cost Recovery Factors be approved?

FPL: Yes. FPL is requesting that the Commission approve a midcourse correction to decrease its currently authorized Capacity Cost Recovery Factors. FPL has experienced a \$63.4 million overrecovery due primarily to lower than expected capacity payments to the Okeelanta and Osceola facilities during October 1997 through September 1998. FPL believes that this midcourse correction is appropriate due to its magnitude. (DUBIN)

21C. What are the appropriate Capacity Cost Recovery Factors for each rate group?

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR (\$/KW)	CAPACITY RECOVERY FACTOR (\$/KWH)
RS1	-	0.00469
GS1	-	0.00408
GSD1	1.49	-
OS2	-	0.00242
GSLD1/CS1	1.53	-
GSLD2/CS2	1.54	-
GSLD3/CS3	1.49	-
CILCD/CILCG	1.56	-
CILCT	1.47	-
MET	1.64	-
OL1/SL1	-	0.00075
SL2	-	0.00286

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST17	.20	.10
SST1T	.19	.09
SST1D	.20	.09

(DUBIN)

21D. Should FPL's capacity cost recovery period be changed to the twelve calendar months in a year beginning January 1999?

FPL: Yes. FPL believes that its capacity cost recovery period should be changed to the twelve calendar months in a year. (DUBIN)

21E. Is it appropriate to establish FPL's proposed fuel cost recovery factors for the period April through December 1998 to accomplish a transition to a recovery period of twelve calendar months?

FPL: Yes. To facilitate the transition to a twelve calendar month annual cost recovery period, FPL believes the most efficient way is to implement a nine month factor. Therefore, FPL is proposing as a transition to calendar year, to extend the capacity factor by three months through December 1998. (DUBIN)

OTHER ISSUES

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?

FPL: Yes. FPL believes the Commission should approve a change in the fuel and purchased power cost recovery hearings from semi-annual hearings to annual hearings covering the twelve month calendar period. In addition, FPL believes that the most efficient way to implement this change is to implement a nine month fuel factor from April 1998 through December 1998. The twelve month recovery period offers significant cost reduction benefits and, facilitates customer planning for cost of electricity by having the fuel cost estimates for a longer term than currently and on a calendar year basis. (DUBIN)

F. STIPULATED ISSUES

None at this time.

G. MOTIONS

On January 28, 1998, FPL filed a Request for Oral Argument and Motion for Reconsideration of Order No. PSC-98-0073-FOF-EI.

Respectfully submitted,

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BY: 
Matthew M. Childs, P.A.

**CERTIFICATE OF SERVICE
DOCKET NO. 980001-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement been furnished by Hand Delivery,** or U.S. Mail this 6th day of February, 1998, to the following:

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