

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

AUGUST 5, 1998

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-98-0814-PCO-EI, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Staff has no witnesses at this time.

b. All Known Exhibits

Staff has no witnesses at this time.

c. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d. Staff's Position on the Issues

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period October, 1997, through March, 1998?

STAFF:
FPC: \$10,825,869 underrecovery
FPUC Marianna: \$125,045 overrecovery
Fernandina Beach: \$121,303 overrecovery
GULF: \$225,379 underrecovery
TECO: \$53,414 overrecovery

CK _____
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APP _____
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CMU _____
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LEG _____
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OPC _____
RCH _____
SEC T _____
WAS _____
OTH _____

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FPSC-RECORDS/REPORTING

ISSUE 2: What are the appropriate estimated fuel adjustment true-up amounts for the period April, 1998, through September, 1998?

STAFF: FPC: \$7,578,770 overrecovery
FPUC Marianna: \$47,885 overrecovery
Fernandina Beach: \$125,825 overrecovery
GULF: \$1,097,022 overrecovery
TECO: \$3,950,955 overrecovery

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded?

STAFF: FPC: \$3,247,099 underrecovery
FPUC Marianna: \$172,930 overrecovery
Fernandina Beach: \$247,128 overrecovery
GULF: \$871,643 overrecovery
TECO: \$4,004,369 overrecovery

ISSUE 4: What is the appropriate recovery period to collect/refund the total fuel adjustment true-up amounts?

STAFF: Three months.

ISSUE 5: Should the Commission allow the electric utilities to keep their levelized fuel cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, issued March 20, 1998, in Docket No. 980001-EI, for the period October, 1998, through December, 1998?

STAFF: Yes. To bridge the three month gap between the expiration of the current factors and commencement of the 12-month annual factors required by Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, Docket No. 980269-PU, the Commission should allow the electric utilities to keep their levelized fuel cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, issued March 20, 1998, in Docket No. 980001-EI, for the period October, 1998, through December, 1998. This would increase administrative efficiencies for the Commission and the parties, and would decrease confusion for the electric utilities' customers.

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period October, 1998, through December, 1998?

STAFF:

FPC:	2.122 cents per kwh.		
FPUC:	Marianna:	2.365	cents per kwh.
	Fernandina Beach:	2.326	cents per kwh.
GULF:	1.626 cents per kwh.		
TECO:	2.337 cents per kwh.		

ISSUE 7: What should be the effective date of the new fuel adjustment charge and capacity cost recovery charge for billing purposes?

STAFF: The new factors should be effective beginning with the first billing cycle for October, 1998, and thereafter through the last billing cycle for December, 1998. The first billing cycle may start before October 1, 1998, and the last billing cycle may end after December 31, 1998, so long as each customer is billed for three months regardless of when the factors became effective.

ISSUE 8: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

STAFF:

FPC:		Delivery	Line Loss
	<u>Group</u>	<u>Voltage Level</u>	<u>Multiplier</u>
	A.	Transmission	0.9800
	B.	Distribution Primary	0.9900
	C.	Distribution Secondary	1.0000
	D.	Lighting Service	1.0000

FPUC:	<u>Rate Schedule</u>	<u>Multiplier</u>
	<u>Marianna</u>	
	All Rate Schedules	1.0000
	<u>Fernandina Beach</u>	
	All Rate Schedules	1.0000

GULF: See table below:

Group	Rate Schedules*	Line Loss Multipliers
A	RS, GS, GSD, GSDT, SBS, OSIII, OSIV	1.01228
B	LP, LPT, SBS	0.98106
C	PX, PXT, SBS, RTP	0.96230
D	OSI, OSII	1.01228

*The multiplier applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO:

<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.

ISSUE 9: What are the appropriate Fuel Cost Recovery Factors for each rate class/ delivery voltage level class adjusted for line losses?

STAFF:

FPC:		Fuel Cost Factors (cents/kWh)		
<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Standard</u>	<u>Time Of Use</u>	
			<u>On-Peak</u>	<u>Off-Peak</u>
A.	Transmission	2.083	2.689	1.754
B.	Distribution Primary	2.105	2.718	1.772
C.	Distribution Secondary	2.126	2.745	1.790
D.	Lighting Service	1.969		

FPUC: Marianna

RS	4.232¢/kwh
GS	4.167¢/kwh
GSD	3.716¢/kwh
GSLD	3.587¢/kwh
OL, OL-2	2.815¢/kwh
SL-1, SL-2	2.814¢/kwh

Fernandina Beach

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	4.025¢/kwh
GS	3.863¢/kwh
GSD	3.565¢/kwh
OL	2.591¢/kwh
SL, CSL	2.591¢/kwh

GULF: See table below:

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, GSDT, SBS OSIII, OSIV	1.646	2.169	1.395
B	LP, LPT, SBS	1.595	2.102	1.352
C	PX, PXT, SBS, RTP	1.565	2.062	1.326
D	OSI, OSII	1.463	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO:	<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

ISSUE 10: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of October, 1998, through December, 1998?

STAFF: FPC: 1.00083
FPUC Marianna: 1.00083
Fernandina Beach: 1.01609
GULF: 1.01609
TECO: 1.00083

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power Corporation

ISSUE 11A: Has Florida Power Corporation confirmed the validity of the methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1997?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

ISSUE 11B: Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

ISSUE 11C: Has Florida Power Corporation properly calculated the 1997 price for waterborne transportation services provided by Electric Fuels Corporation?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

Tampa Electric Company

ISSUE 12A: What is the appropriate 1997 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

ISSUE 12B: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1997 benchmark price?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

ISSUE 12C: What is the appropriate 1997 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

ISSUE 12D: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 1997 waterborne transportation benchmark price?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

ISSUE 12E: How should Tampa Electric continue the temporary base rate reduction pursuant to the stipulation approved by the Commission by Order No. PSC-96-1300-S-EI, in Docket No. 960409-EI, issued October 24, 1996?

STAFF: Tampa Electric should reflect the \$25 million temporary base rate reduction 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-96-0670-S-EI, issued May 20, 1996. 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 8.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 13: What is the appropriate GPIF reward or penalty for performance achieved during the period October, 1997, through March, 1998?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

ISSUE 14: What should the GPIF targets/ranges be for the period October, 1998, through December, 1998?

STAFF: This issue should be deferred until the November, 1998, hearing set for this docket.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 15A: What is the appropriate final capacity cost recovery true-up amount for the period October, 1997, through March, 1998?

STAFF: TECO: \$347,147 underrecovery
FPC: \$2,311,764 underrecovery

ISSUE 15B: What is the appropriate final capacity cost recovery true-up amount for the period October, 1996, through September, 1997?

STAFF: Gulf: \$1,478,455 overrecovery

ISSUE 16A: What is the estimated capacity cost recovery true-up amount for the period April, 1998, through September, 1998?

STAFF: TECO: \$66,430 underrecovery
FPC: \$3,306,747 underrecovery

ISSUE 16E: What is the estimated capacity cost recovery true-up amount for the period October, 1997, through September, 1998?

STAFF: Gulf: \$2,389,778 underrecovery

ISSUE 17: What is the total capacity cost recovery true-up amount to be collected/ refunded?

STAFF: TECO: \$413,577 underrecovery
FPC: \$5,618,511 underrecovery
GULF: \$911,323 underrecovery

ISSUE 18: What is the appropriate recovery period to collect/refund the total capacity cost recovery true-up amounts?

STAFF: Three months.

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

STAFF: TECO: \$6,418,433
FPC: \$80,217,280
GULF: \$2,148,430

ISSUE 20A: Should the Commission allow Florida Power Corporation and Tampa Electric Company to keep their capacity cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, issued March 20, 1998, in Docket No. 980001-EI, for the period October, 1998, through December, 1998?

STAFF: Yes. To bridge the three month gap between the expiration of the current factors and commencement of the 12-month annual factors set forth in Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, Docket No. 980269-PU, the Commission should allow Florida Power Corporation and Tampa Electric Company to keep their capacity cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, issued March 20, 1998, in Docket No. 980001-EI, for the period October, 1998, through December, 1998. This

would increase administrative efficiencies for the Commission and the parties, and would decrease confusion for Florida Power Corporation's and Tampa Electric Company's customers.

ISSUE 20B: Should the Commission allow Gulf Power Company to keep its capacity cost recovery factor at the rate set by Order No. PSC-97-1045-FOF-EI, issued September 5, 1997, in Docket No. 970001-EI, for the period October, 1998, through December, 1998?

STAFF: Yes. To bridge the three month gap between the expiration of the current factors and commencement of the 12-month annual factors set forth in Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, Docket No. 980269-PU, the Commission should allow Gulf Power Company to keep its capacity cost recovery factor at the rate set by Order No. PSC-97-1045-FOF-EI, issued September 5, 1997, in Docket No. 970001-EI, for the period October, 1998, through December, 1998. This would increase administrative efficiencies for the Commission and the parties, and would decrease confusion for Gulf Power Company's customers.

ISSUE 21: What are the projected capacity cost recovery factors for the period October, 1998, through December, 1998?

STAFF:

FPC:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RESIDENTIAL	1.004
GENERAL SERVICE NON-DEMAND	.795
@PRIMARY VOLTAGE	.787
@TRANSMISSION VOLTAGE	.779
GENERAL SERVICE 100% LOAD FACTOR	.548
GENERAL SERVICE DEMAND	.662
@PRIMARY VOLTAGE	.655
@TRANSMISSION VOLTAGE	.648

FPC: (con't)

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
CURTAILABLE	.555
@PRIMARY VOLTAGE	.549
@TRANSMISSION VOLTAGE	.544
INTERRUPTIBLE	.519
@PRIMARY VOLTAGE	.514
@TRANSMISSION VOLTAGE	.509
LIGHTING	.192

TECO:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RS, RST	.188
GS, GST, TS	.181
GSD, GSDT, EV-X	.139
GSLD, GSLDT, SBF, SBFT	.123
IS-1&3, IST-1&3, SBI-1&3, SBIT-1&3	.011
SL/OL	.022

Gulf:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RS, RST	.054
GS, GST	.052
GSD, GSDT	.039
LP, LPT	.035
PX, PXT, RTP	.029
OS-1, OS-11	.013
OS-111	.031
OS-IV	.065
SBS	.037

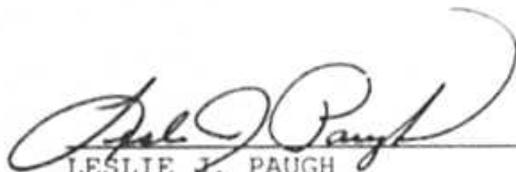
e. Pending Motions

Staff is not aware of any pending motions at this time.

f. Compliance with Order No. PSC-98-0814-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 5th day of August, 1998.



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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: AUGUST 5, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Staff's Prehearing Statement has been furnished by U.S. Mail this 5th day of August, 1998, to the following:

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