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RECORDS AND REPORTING

August 5, 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:

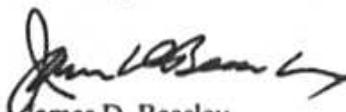
Enclosed for filing in the above docket are the original and ten (10) copies of Tampa Electric Company's Prehearing Statement.

Also enclosed is a diskette containing the above Prehearing Statement originally typed in Microsoft Word 97 format which has been saved in Richtext format for use with WordPerfect.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,


James D. Beasley

- CK _____
- FA Hendrick
- JPP _____
- JAF _____
- JMU _____
- JTR _____
- JAG Bohmann
- LEG 1 Enclosures
- LIN 3
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

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

DOCUMENT NUMBER-DATE

08290 AUG-5 98

FPSC-RECORDS/REPORTING

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: August 5, 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 Projections; Capacity Cost Recovery True-up and Projections; Broker Sales/Open Access	1,2,3,4,6,7,8,9,10 15A,16A,17,18, 19,20A,21
2. G. A. Keselowsky (TECO)	GPIF Reward/Penalty and Targets/Ranges	13,14
3. Rod Burkhardt (TECO)	Affiliated Coal Transportation Costs	12A,12B,12C,12D,12E

DOCUMENT NUMBER-DATE

08290 AUG-5 88

FPSC-RECORDS/REPORTING

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(KOZ-1)</u>	Zwolak	Fuel Cost Recovery and Capacity Cost Recovery October 1997 - March 1998
<u>(KOZ-2)</u>	Zwolak	Fuel Adjustment Projection, October 1998 - December 1998
<u>(KOZ-3)</u>	Zwolak	Capacity Cost Recovery Projection, October 1998 - December 1998
<u>(KOZ-4)</u>	Zwolak	Calculation of Total True-up (Projection Period) for the Period Ending December 1998 (Supplemental Schedule E1-A)
<u>(KOZ-5)</u>	Zwolak	Calculation of Estimated True-up for the Period October 1998-December 1998 (Supplemental Schedule E-1B)
<u>(GAK-1)</u>	Keselowsky	Generating Performance Incentive Factor Factor Results, October 1997 - March 1998
<u>(RB-1)</u>	Burkhardt	Transportation Benchmark Calculation Coal Benchmark Calculation

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve Tampa Electric's request for an extension of the currently approved fuel adjustment and capacity cost recovery factors which include the currently approved fuel adjustment factor of 2.237 cents per KWH before application of factors which adjust for variation in line losses and the approved capacity cost recovery factor of .147 cents per KWH before applying the 12 CP and 1/13 allocation methodology. Tampa Electric did not calculate a new GPIF reward/penalty. Tampa Electric agrees with the Commission Staff's proposal to defer this and related issues until the November hearings.

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 October, 1997 through March, 1998?

TECO: An overrecovery of \$53,414. (Zwolak)

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

TECO: An overrecovery of \$3,950,955. However, if the currently approved fuel factors were extended through December 31, 1998, the projected fuel adjustment true-up amount for the period April 1, 1998 through December 31, 1998, based upon actual data for the period April 1, 1998 through May 31, 1998 and revised estimates for the period June 1, 1998 through December 31, 1998 would be an overrecovery of \$4,036,630. (Zwolak)

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

TECO: An overrecovery of \$4,004,369 through September 30, 1998. However, if the currently approved rates were extended through December 31, 1998 the end of period net true-up amount as of December 31, 1998 would be an overrecovery of \$4,090,044. (Zwolak)

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

TECO: October 1998 through December 1998. (Zwolak)

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, in Docket No. 980001-EI, issued March 10, 1998, for the period October, 1998 through December, 1998?

TECO: Yes. In order to effect an orderly transition to an annual cost recovery hearing methodology and to avoid customer confusion that would occur if cost recovery factors are changed twice in only three months, Tampa Electric should be authorized to keep in place its currently approved cost recovery factors during the period October 1998 - December 1998. (Zwolak)

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

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

ISSUE 7: 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 October 1998 through December 1998. Billing cycles may start before October 1, 1998, and the last cycle may be read after December 31, 1998, so that each customer is billed for three months regardless of when the adjustment factors became effective. (Zwolak)

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?

<u>TECO:</u>	<u>Multiplier</u>
Group A	1.0072
Group A1*	NA
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 9: 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	NA	NA
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 October, 1998 through December, 1998?

TECO: 1.0083 cents/KWH. (Zwolak)

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

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

TECO: Tampa Electric agrees with the Commission Staff's position that this issue should be deferred to the November 1998 hearing in 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?

TECO: Tampa Electric agrees with the Commission Staff's position that this issue should be deferred to the November 1998 hearing in this docket.

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

TECO: Tampa Electric agrees with the Commission Staff's position that this issue should be deferred to the November 1998 hearing in 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?

TECO: Tampa Electric agrees with the Commission Staff's position that this issue should be deferred to the November 1998 hearing in 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. PSE-96-1300-S-EI, in Docket No. 960409-EI, issued October 24, 1996?

TECO: 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-96-1300-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 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?

TECO: Tampa Electric agrees with the Commission Staff's position that this issue should be deferred to the November 1998 hearing in this docket.

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

TECO: Tampa Electric agrees with the Commission Staff's position that this issue should be deferred to the November 1998 hearing in this docket.

GENERIC CAPACITY COST RECOVERY ISSUE

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

TECO: An underrecovery of \$347,147. (Zwolak)

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

TECO: An underrecovery of \$66,430. (Zwolak)

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

TECO: An underrecovery of \$413,577. (Zwolak)

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

TECO: January 1999 through December 1999. (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 October, 1998, through December, 1998?

TECO: \$6,418,433. (Zwolak)

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, in Docket No. 980001-EI, issued March 20, 1998, for the period October, 1998, through December, 1998?

TECO: In order to effect an orderly transition to an annual cost recovery hearing methodology and to avoid customer confusion that would occur if cost recovery factors are changed twice in only three months, Tampa Electric should be authorized to keep in place its currently approved cost recovery factors during the period October 1998 - December 1998.

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

TECO: No position.

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

<u>TECO:</u>	<u>Schedule</u>	<u>Factor (cents/KWH)</u>
	RS	.244
	GS, TX	.216
	GSD, EV-X	.166
	GSLD, SBF	.147
	IS-1&3, SB1-1&3	.013
	SL/OL	.025

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

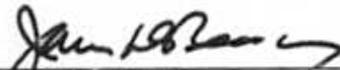
TECO: None at this time.

H. OTHER MATTERS

TECO: None at this time.

DATED this 5th day of August, 1998.

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Tampa Electric Company's Prehearing Statement has been furnished by U. S. Mail or hand delivery (*) on this 5th day of August, 1999 to the following:

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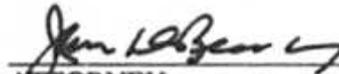
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