

Florida Power
CORPORATION

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JAMES A. MCGEE
SENIOR COUNSEL

November 4, 1998

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 980001-EI

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and ten copies of Florida Power Corporation's Prehearing Statement.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

ACK

AFA *Handwritten signature*

APP _____

CAF _____

CMI _____

CTC _____

EAC 1 JAM/kma
Enclosure

LEG 1
LIR 3 cc: Parties of record

OPR _____

RCR _____

SEC 1

WAS _____

OTH _____
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Very truly yours,
Handwritten signature of James A. McGee
James A. McGee

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FLORIDA POWER CORPORATION

DOCKET NO. 980001-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Prehearing Statement of Florida Power Corporation has been furnished to the following individuals by regular U.S. Mail this 6th day of November, 1998:

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ATTORNEY

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power
Cost Recovery Clause with
Generating Performance Incentive
Factor.

Docket No. 980001-EI

Submitted for filing:
November 4, 1998

**PREHEARING STATEMENT OF
FLORIDA POWER CORPORATION**

Florida Power Corporation (FPC), pursuant to Rule 25-22.038, Florida Administrative Code, hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January through December 1999, and states as follows:

A. APPEARANCES

JAMES A. MCGEE, Esquire, Post Office Box 14042, St. Petersburg, FL.
33733-4042
On behalf of Florida Power Corporation

B. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
John Scardino, Jr.	Fuel Adjustment True-up	3, 18
Karl H. Wieland	Fuel Adjustment Projections	2-9D, 17-20
Dario B. Zuloaga	GPIF: Reward/Penalty and Targets/Ranges	11B-12B

C. EXHIBITS

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
_____ (JS-1)	Scardino	True-up Variance Analysis
_____ (JS-2)	Scardino	Schedules A1 through A13
_____ (KHW-1)	Wieland	Forecast Assumptions (Parts A-C), Capacity Cost Recovery Factors (Part D), and Calculation of Recovery Costs for Conversion of Debarry Unit 8 to Natural Gas (Part E).
_____ (KHW-2)	Wieland	Schedules E1 through E10 and H1
_____ (DBZ-1)	Zuloaga	Standard Form GPIF Schedules (Reward/Penalty)
_____ (DBZ-2)	Zuloaga	Standard Form GPIF Schedules (Targets/Ranges)

D. STATEMENT OF BASIC POSITION

None necessary.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Fuel Adjustment Issues

(Note: The issue numbers below correspond to those issues applicable to FPC in Staff's Final List of Issues.)

2. **ISSUE:** What are the estimated fuel adjustment true-up amounts for the period April through December 1998?

EPC: \$17,317,456 over-recovery. (Wieland)

3. **ISSUE:** What are the total fuel adjustment true-up amounts to be collected/refunded from January through December 1999?

EPC: \$14,837,877 to be refunded. (Scardino/Wieland)

4. ISSUE: What are the appropriate levelized fuel cost recovery factors for the period of January through December 1999?

EPC: 1.893 cents per kWh (adjusted for jurisdictional losses). (Wieland)

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

EPC: The new fuel and capacity cost recovery charges should be effective beginning with the first billing cycle for January 1999, and thereafter through the last billing cycle for December 1999. The first billing cycle may start before January 1, 1999, and the last billing cycle may end after December 31, 1999, so long as each customer is billed for twelve months regardless of when the factors became effective.

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

EPC:

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

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

EPC:

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Fuel Cost Factors (cents/kWh)</u>			
		<u>Standard</u>	<u>Time Of Use</u>		
	<u>On-Peak</u>		<u>Off-Peak</u>		
A.	Transmission	1.858	2.391	1.594	
B.	Distribution Primary	1.877	2.416	1.610	
C.	Distribution Secondary	1.896	2.440	1.627	
D.	Lighting Service	1.779			(Wieland)

8. **ISSUE:** What is the appropriate revenue tax factor to be applied in calculating the levelized fuel factor for the projection period of January through December 1999?

EPC: 1.00072 (Wieland)

Company-Specific Fuel Adjustment Issues

- 9A. **ISSUE:** Has FPC confirmed the validity of the methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1997?

EPC: Yes. Florida Power's Audit Services Department has reviewed the analysis performed by Electric Fuels Corporation. Florida Power continues to believe that this analysis confirms the appropriateness of the "short cut" method.

- 9B. **ISSUE:** Has FPC properly calculated the market price true-up for coal purchases from Powell Mountain?

EPC: Yes. The calculation has been made in accordance with the market pricing methodology approved by the Commission in Docket No. 860001-EI-G. (Wieland)

- 9C. **ISSUE:** Has FPC properly calculated the 1997 price for waterborne transportation services provided by Electric Fuels Corporation?

EPC: Yes. The 1997 waterborne transportation calculation has been reviewed by Staff and Public Counsel and deemed properly calculated.

- 9D. **ISSUE:** Should the Commission approve FPC's request to recover the cost of converting Debary Unit 8 to burn natural gas?

EPC: Yes. FPC is requesting the same treatment for this unit as the Commission approved in prior hearings for numerous other combustion turbines on the FPC system. The cost of conversion (\$1.4 million) is not included in FPC's base rates and will enable FPC to achieve fuel savings in excess of (\$3.4 million) over the next five years. (Wieland)

Generic Generating Performance Incentive Factor Issues

- 11B. **ISSUE:** What is the appropriate GPIF reward or penalty for performance achieved during the period October 1997 through March 1998?

EPC: \$436,639 penalty. (Zuloaga)

- 12A. **ISSUE:** What should the GPIF targets/ranges be for the period of October through December 1998?

EPC: See Attachment A. (Zuloaga)

- 12B. **ISSUE:** What should the GPIF targets/ranges be for the period of January through December 1999?

EPC: See Attachment B. (Zuloaga)

Generic Capacity Cost Recovery Issues

17. **ISSUE:** What is the estimated capacity cost recovery true-up amount for the period April through December 1998?

EPC: \$2,544,950 under-recovery. (Wieland)

18. **ISSUE:** What is the total capacity cost recovery true-up amount to be collected/refunded during the period January through December 1999?

EPC: \$4,856,714 to be collected. (Scardino/Wieland)

19. **ISSUE:** What is the appropriate projected net purchase power capacity cost recovery amount to be included in the recovery factor for the period January through December 1999?

EPC: \$311,506,755 (Wieland)

20. **ISSUE:** What are the projected capacity cost recovery factors for the period January through December 1999?

<u>EPC:</u>	<u>Rate Class</u>	<u>CCR Factor</u>
	Residential	1.154 cents/kWh
	General Service Non-Demand	.914 cents/kWh
	@ Primary Voltage	.905 cents/kWh
	@ Transmission Voltage	.896 cents/kWh
	General Service 100% Load Factor	.623 cents/kWh
	General Service Demand	.760 cents/kWh
	@ Primary Voltage	.753 cents/kWh
	@ Transmission Voltage	.745 cents/kWh
	Curtable	.638 cents/kWh
	@ Primary Voltage	.631 cents/kWh
	@ Transmission Voltage	.625 cents/kWh
	Interruptible	.597 cents/kWh
	@ Primary Voltage	.591 cents/kWh
	@ Transmission Voltage	.585 cents/kWh
	Lighting	.222 cents/kWh

(Wieland)

F. STIPULATED ISSUES


None at this time.

G. PENDING MOTIONS

None.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By 

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