

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power
cost recovery clause and
generating performance incentive
factor.

DOCKET NO. 980001-EI
ORDER NO. PSC-98-1539-PHO-EI
ISSUED: November 20, 1998

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on Monday, November 16, 1998, in Tallahassee, Florida, before Commissioner Susan F. Clark, as Prehearing Officer.

APPEARANCES:

JAMES A. MCGEE, ESQUIRE, Florida Power Corporation, Post Office Box 14042, St. Petersburg, Florida 33733-4042
On behalf of Florida Power Corporation (FPC).

MATTHEW M. CHILDS, ESQUIRE, Steel Hector & Davis, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301
On behalf of Florida Power & Light Company (FPL).

KENNETH A. HOFFMAN, ESQUIRE, Rutledge Ecenia Underwood Purnell & Hoffman, P.A., Post Office Box 551, Tallahassee, Florida 32302-0551
On behalf of Florida Public Utilities Company (FPUC).

JEFFREY A. STONE, ESQUIRE, and RUSSELL A. BADDERS, Esquire, Beggs & Lane, Post Office Box 12950, Pensacola, Florida 32576
On behalf of Gulf Power Company (GULF).

LEE L. WILLIS, ESQUIRE, and JAMES D. BEASLEY, ESQUIRE, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

JOHN W. McWHIRTER, ESQUIRE, McWhirter Reeves McGlothlin Davidson Decker Kaufman Arnold & Steen, P.A., Post Office Box 3350, Tampa, Florida, 33601-3350; and JOSEPH A. MCGLOTHLIN, ESQUIRE, and VICKI GORDON KAUFMAN, ESQUIRE, McWhirter Reeves McGlothlin Davidson Decker Kaufman Arnold & Steen, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301
On behalf of Florida Industrial Power Users Group (FIPUG).

JOHN ROGER HOWE, ESQUIRE, Office of Public Counsel c/o the Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida (OPC).

DOCUMENT NUMBER-DATE

13100 NOV 20 98

REGISTRATION-RECORDING

LESLIE J. PAUGH, ESQUIRE, Florida Public Service Commission,
2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff (Staff).

PREHEARING ORDER

I. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

II. CASE BACKGROUND

As part of the Commission's continuing fuel cost recovery, conservation cost recovery, purchased gas adjustment and environmental cost recovery proceedings, a hearing is set for November 23, 24, and 25, 1998, in this docket and in Docket Nos. 980002-EG, 980003-GU and 980007-EI. The hearing will address the issues set out in the body of this Prehearing Order. The parties have stipulated to Issue Nos. 1, 2, 5, 6, 8, 9A, 9B, 9C, 9D, 10A, 10D, 10E, 10F, 11A, 11B, 12A, 12B, 13, 14, 15, 16, 17, 18, 19, and 20.

III. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times.

The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies

of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting's confidential files.

IV. POST-HEARING PROCEDURES

Each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages, and shall be filed at the same time.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

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Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VI. ORDER OF WITNESSES

* As a result of discussions at the prehearing conference, each witness whose name is preceded by an asterisk (*) has been excused if no Commissioner assigned to hear this case seeks to cross-examine the particular witness. Parties shall be notified by the close of business on Friday, November 20, 1998, as to whether each witness shall be required to be present at hearing. The testimony of excused witnesses will be inserted into the record as though read and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
*John Scardino, Jr.	FPC	3, 18
*Karl H. Wieland	FPC	2 - 9D, 17 - 20
*Dario B. Zuloaga	FPC	11B - 12B
*R. Silva	FPL	1 - 8, 11A, 12A, 12B, 13
*R.L. Wade	FPL	1 - 8
*K.M. Dubin	FPL	1 - 8, 15, 16, 18, 19, 20
*George M. Bachman	FPUC	2 - 8
*M.F. Oaks	GULF	2, 4
*S.D. Cranmer	GULF	2, 3, 4, 5, 6, 7, 8, 16, 18, 19, 20
*G.D. Fontaine	GULF	11B, 12A, 12B
*M.W. Howell	GULF	2, 4, 16, 19
*Karen O. Zwolak	TECO	2, 3, 4, 5, 6, 7, 8, 10F
*G.A. Keselowsky	TECO	11B, 12A, 12B, 14

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
*Rod Burkhardt	TECO	10A, 10B, 10D, 10E
Deirdre A. Brown	TECO	10A, 10B, 10C
Mark J. Hornick	TECO	10A, 10B, 10C

VII. BASIC POSITIONS

FPC: None necessary.

FPL: None necessary

FPUC: FPU has properly projected its costs and calculated its true-up amounts and purchased power cost recovery factors. Those amounts and factors should be approved by the Commission.

GULF: It is the basic position of Gulf Power Company that the proposed fuel factors present the best estimate of Gulf's fuel expense for the period January 1999 through December 1999 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

TECO: 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 2.255 cents per KWH before application of factors which adjust for variations in line losses; the proposed capacity cost recovery factor of 0.156 cents per KWH before applying the 12CP and 1/13th application methodology; and a GPIF penalty of \$188,281.

FIPUG: None at this time.

OPC: None necessary.

STAFF: 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.

VIII. ISSUES AND POSITIONS

STIPULATED

ISSUE 1: What is the appropriate final fuel adjustment true-up amount for Florida Power & Light Company for the period October, 1997, through March, 1998?

POSITION: \$13,491,202 overrecovery

STIPULATED

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

POSITION: FPC: \$6,491,587 overrecovery
FPL: \$129,170,389 underrecovery
FPUC-Fernandina Beach: \$126,712 overrecovery
FPUC-Marianna: \$60,107 overrecovery
GULF: \$4,384,575 underrecovery
TECO: \$5,261,113 overrecovery

STIPULATED

(EXCEPT FOR TECO)

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

POSITIONS:

TECO: \$5,261,113 overrecovery. (Zwolak)

STAFF: FPC: \$6,491,587 overrecovery
FPL: \$115,679,187 underrecovery
FPUC-Fernandina Beach: \$126,712 overrecovery
FPUC-Marianna: \$60,107 overrecovery
GULF: \$4,384,575 underrecovery
TECO: No position pending resolution of company-specific issues

STIPULATED
(EXCEPT FOR TECO)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January, 1999, to December, 1999?

POSITIONS:

TECO: 2.255 cents per KWH before the normal application of factors that adjust for variations in line losses. (Zwolak)

STAFF:

FPC:	1.893	cents	per	kWh	(adjusted	for
					jurisdictional	losses)
FPL:	1.976	cents	per	kwh.		
FPUC:	Marianna:	2.293	cents	per	kwh.	
	Fernandina Beach:	2.042	cents	per	kwh.	
GULF:	1.662	cents	per	kwh.		
TECO:	No position pending resolution of company-specific issues.					

STIPULATED

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

POSITION: The new factors 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.

STIPULATED

ISSUE 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/delivery voltage level class?

POSITION:

FPC:	<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

FPL: The appropriate Fuel Cost Recovery Loss Multipliers are provided in response to Issue No. 7.

FPUC:	<u>Rate Schedule</u>	<u>Multiplier</u>
	Marianna All Rate Schedules	1.0000
	Fernandina Beach 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	1.0071
	Group A1	N/A*
	Group B	1.0016
	Group C	0.9681

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

STIPULATED
(EXCEPT FOR TECO)

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

POSITIONS:

TECO:	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.271	3.312	1.818
Group A1	2.042	NA	NA
Group B	2.259	3.294	1.808
Group C (Zwolak)	2.183	3.184	1.747

STAFF:

FPC:	Fuel Cost Factors (cents/kWh) Delivery	<u>Time Of Use</u>		
		<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group	<u>Voltage Level</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		

FPL:

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1,GS-1, SL-2	1.976	1.00205	1.980
A-1	SL-1,OL-1	1.945	1.00205	1.948
B	GSD-1	1.976	1.00204	1.980
C	GSLD-1 & CS-1	1.976	1.00172	1.980
D	GSLD-2,CS-2, OS-2 & MET	1.976	0.99595	1.968
E	GSLD-3 & CS-3	1.976	0.95798	1.893

ORDER NO. PSC-98-1539-PHO-EI
DOCKET NO. 980001-EI
PAGE 12

A	RST-1, GST-1			
	ON-PEAK	2.136	1.00205	2.140
	OFF-PEAK	1.908	1.00205	1.912
B	GSDT-1			
	CILC-1 (G)			
	ON-PEAK	2.136	1.00204	2.140
OFF-PEAK	1.908	1.00204	1.912	
C	GSLDT-1 & CST-1			
	ON-PEAK	2.136	1.00172	2.140
	OFF-PEAK	1.908	1.00172	1.911
D	GSLDT-2 & CST-2			
	ON-PEAK	2.136	0.99595	2.127
	OFF-PEAK	1.908	0.99595	1.900
E	GSLDT-3, CST-3			
	CILC-1 (T) & ISST-1 (T)			
	ON-PEAK	2.136	0.95798	2.046
OFF-PEAK	1.908	0.95798	1.828	
F	CILC-1 (D) & ISST-1 (D)			
	ON-PEAK	2.136	0.99793	2.131
	OFF-PEAK	1.908	0.99793	1.904

ORDER NO. PSC-98-1539-PHO-EI
DOCKET NO. 980001-EI
PAGE 13

FPUC: Marianna

RS	4.077¢/kwh
GS	4.014¢/kwh
GSD	3.584¢/kwh
GSLD	3.461¢/kwh
OL, OL-2	2.730¢/kwh
SL-1, SL-2	2.695¢/kwh

Fernandina Beach
Rate Schedule

Adjustment

RS	3.762¢/kwh
GS	3.598¢/kwh
GSD	3.297¢/kwh
OL	2.310¢/kwh
SL, CSL	2.310¢/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	1.682	2.177	1.468
B	LP, LPT, SBS	1.631	2.110	1.423
C	PX, PXT, SBS, RTP	1.599	2.070	1.395
D	OSI, OSII	1.647	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: No position pending resolution of company-specific issues.

STIPULATED

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 January, 1999, to December, 1999?

POSITION:

FPC:	1.00072	
FPL:	1.01597	
FPUC	Marianna:	1.00072
	Fernandina Beach:	1.01597
GULF:	1.01597	
TECO:	1.00072	

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power Corporation

STIPULATED

ISSUE 9A: 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?

POSITION: Yes. The annual audit of EFC's revenue requirements under a full utility-type regulatory treatment confirms the appropriateness of the "short-cut" methodology used to determine the equity component of EFC's capital structure.

STIPULATED

ISSUE 9B: Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

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

STIPULATED

ISSUE 9C: Has Florida Power Corporation properly calculated the 1997 price for waterborne transportation services provided by Electric Fuels Corporation?

POSITION: Yes. The calculation has been made in accordance with the market pricing methodology approved by the Commission in Docket No. 930001-EI.

STIPULATED

ISSUE 9D: Should the Commission approve Florida Power Corporation's request to recover the cost of converting Debary Unit 8 to burn natural gas?

POSITION: Yes. Florida Power Corporation's conversion of its Debary Unit 8 to burn natural gas is estimated to save FPC's ratepayers approximately \$3.4 million over the next five years at a cost of approximately \$1.8 million. Order No. 14546, issued July 08, 1985, allows a utility to recover fossil-fuel related costs which result in fuel savings when those costs were not previously addressed in determining base rates. FPC should be allowed to recover the projected conversion costs through its fuel clause beginning May 1, 1999. FPC should depreciate the Debary Unit 8 conversion over the next five years using the straight line depreciation method. FPC should also be allowed to recover a return on average investment at the rate authorized in Docket No. 910890-EI, 8.37%, as well as applicable taxes. Staff will request an audit of actual costs once the conversion is complete to true-up original projections and to verify the prudence of the individual cost components included for recovery. Staff recommends that if fuel savings during any annual period are less than the amortization and return costs, FPC should limit cost recovery to actual fuel savings and defer recovery of the difference to future periods.

Tampa Electric Company

STIPULATED

ISSUE 10A: What is the appropriate 1997 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

POSITION: \$43.20 per ton

ISSUE 10B: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1997 benchmark price?

POSITIONS

TECO: Yes. Tampa Electric's actual costs are at or below the benchmark. (Burkhardt)

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC: No position at this time.

STAFF: No position pending further discovery.

ISSUE 10C: Should the Commission disallow recovery of any BTU premium adjustment for years 1993 through 1997, inclusive, which Tampa Electric Company paid to Gatliff Coal Company that exceeds the benchmark for coal purchases established in Docket No. 930001-EI and approved by Order No. PSC-93-0443-FOF-EI, issued March 23, 1993?

POSITIONS

TECO: No disallowance should be made. This is a new issue that was raised for the first time in Staff's October 29, 1998 final list of issues. Tampa Electric is preparing testimony addressing this new issue.

FIPUG: Yes.

OPC: Yes.

STAFF: Yes.

STIPULATED

ISSUE 10D: What is the appropriate 1997 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

POSITION: \$28.10 per ton

STIPULATED

ISSUE 10E: 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?

POSITION: Yes. TECO's actual costs are below the benchmark as calculated by both Staff and the company; therefore, this issue is moot.

STIPULATED

ISSUE 10F: How should Tampa Electric complete the refund credit factor as agreed to in the Stipulation approved in Order No. PSC-96-1300-S-EI, in Docket No. 960409-EI, issued October 24, 1996?

POSITION: This \$25 million rate reduction is currently reflected on customers' bills as a line item credit on customers' bills. This rate reduction will be terminated with the last billing cycle in December, 1998. Pursuant to the stipulation in Docket No. 960409-EI and approved in Order No. PSC-96-1300-S-EI, any over or under collections balance remaining will be handled as a true-up component during the next fuel cost recovery hearing.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

STIPULATED

ISSUE 11A: What is the appropriate GPIF reward or penalty for performance achieved by Florida Power & Light Company during the period October, 1996, through September, 1997?

POSITION: \$9,353,960 reward

STIPULATED

ISSUE 11B: What is the appropriate GPIF reward or penalty for performance achieved by Florida Power Corporation, Tampa Electric Company, and Gulf Power Company during the period October, 1997, through March, 1998?

POSITION: FPC: (\$436,639) penalty
GULF: \$62,632 reward
TECO: (\$188,281) penalty

STIPULATED

ISSUE 12A: What should the GPIF targets/ranges be for the period October, 1998 through December, 1998?

POSITION: FPC: See Staff Attachment 1
FPL: See Staff Attachment 1
GULF: See Staff Attachment 1
TECO: See Staff Attachment 1

STIPULATED

ISSUE 12B: What should the GPIF targets/ranges be for the period January, 1999 through December, 1999?

POSITION: FPC: See Staff Attachment 1
FPL: See Staff Attachment 1
GULF: See Staff Attachment 1
TECO: See Staff Attachment 1

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Florida Power & Light Company

STIPULATED

ISSUE 13: Should the revised testimony for Florida Power and Light Company, which revises the heat rate results for the Turkey Point Units 3 and 4 be incorporated into the results for the period October 1996 through September 1997?

POSITION: Yes. The heat rate results should reflect the capacity increases at the Turkey Point units.

Tampa Electric Company

STIPULATED

ISSUE 14: Should the heat rate for Tampa Electric Company's Big Bend Unit 3 be adjusted for the power used by the scrubber at Big Bend Unit 4?

POSITION: Yes. The heat rate for Big Bend Unit 3 should be adjusted for the extra power used by the scrubber at Big Bend Unit 4. This adjustment was made for the period ending March 1998. The historical heat rate data were not adjusted for the projected heat rates, as the historical period now has comparable monthly data reflecting the use of the power by the scrubber at Unit 4.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

STIPULATED

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

POSITION: \$17,922,987 overrecovery is the final capacity cost recovery true-up for the period October, 1996 through March 1997. The \$17,922,987 was included in the calculation of the \$10,479,736 approved in Order No. PSC-97-1045-FOF-EI, as a mid-course correction.

The final true-up for the period April 1997 through September 1997 is an overrecovery of \$42,415,473. This amount has been included in the \$63,445,498 mid-course correction approved in Order No. PSC 98-0412-FOF-EI which is currently being refunded to customers.

STIPULATED

ISSUE 16:

What is the estimated capacity cost recovery true-up amount for Florida Power & Light Company and Gulf Power Company for the period October, 1997, through December, 1998?

POSITION:

FPL: \$77,177,787 over-recovery
GPC: \$1,315,167 under-recovery

STIPULATED

ISSUE 17:

What is the estimated capacity cost recovery true-up amount for Florida Power Corporation and Tampa Electric Company for the period April, 1998 through December, 1998?

POSITION:

FPC: \$4,856,714 under-recovery
TECO: \$1,175,420 under-recovery

STIPULATED

ISSUE 18:

What is the total capacity cost recovery true-up amount to be collected/refunded during the period January, 1999, through December, 1999?

POSITION:

FPL: \$77,177,787 over-recovery
FPC: \$4,856,714 under-recovery
TECO: \$1,175,420 under-recovery
GPC: \$1,315,167 under-recovery

STIPULATED

ISSUE 19:

What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period January, 1999 through December, 1999?

POSITION:

FPL: \$390,637,055
FPC: \$311,506,755
TECO: \$24,893,773
GULF: \$9,884,028

STIPULATED

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

POSITION:

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR (\$/KW)	CAPACITY RECOVERY FACTOR (\$/KWH)
RS1	-	.00514
GS1	-	.00467
GSD1	1.89	-
OS2	-	.00332
GSLD1/CS1	1.86	-
GSLD2/CS2	1.87	-
GSLD3/CS3	1.80	-
CILCD/CILCG	1.92	-
CILCT	1.84	-
MET	1.88	-
OL1/SL1/PL-1	-	.00241
SL2	-	.00342

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST1D	.24	.12
SST1T	.23	.11
SST1D	.24	.11

FPC:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RESIDENTIAL	1.154
GENERAL SERVICE NON-DEMAND	.914
@PRIMARY VOLTAGE	.905
@TRANSMISSION VOLTAGE	.896
GENERAL SERVICE 100% LOAD FACTOR	.623
GENERAL SERVICE DEMAND	.760
@PRIMARY VOLTAGE	.753
@TRANSMISSION VOLTAGE	.745
CURTAILABLE	.638
@PRIMARY VOLTAGE	.631
@TRANSMISSION VOLTAGE	.625
INTERRUPTIBLE	.597
@PRIMARY VOLTAGE	.591
@TRANSMISSION VOLTAGE	.585
LIGHTING	.222

TECO:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RS, RST	.206
GS, GST, TS	.174
GSD, GSDT, EV-X	.143
GSLD, GSLDT, SBF, SBFT	.129
IS-1&3, IST-1&3, SBI-1&3, SBIT-1&3	.012
SL/OL	.042

GPC:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RS, RST	.122
GS, GST	.121
GSD, GSDT	.098
LP, LPT	.081
PX, PXT, RTP	.070
OS-1, OS-11	.030
OS-111	.074
OS-IV	.197
SBS	.070

IX. EXHIBIT LIST

Witnesses whose names are preceded by an asterisk (*) have been excused. All exhibits submitted with those witnesses' testimony shall be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
*Scardino	FPC	_____ (JS-1)	True-up Variance Analysis
		_____ (JS-2)	Schedules A1 through A13
*Wieland		_____ (KHW-1)	F o r e c a s t . Assumptions (Parts A-C), Capacity Recovery Factors (Part D), and Calculation of Recovery Costs for Conversion of Debary Unit 8 to Natural Gas (Part E)
		_____ (KHW-2)	Schedule E1 through E10 and H1
*Zuloaga		_____ (DBZ-1)	Standard Form GPIF S c h e d u l e s (Reward/Penalty)
		_____ (DBZ-1)	Standard Form GPIF S c h e d u l e s (Targets/Ranges)
*Silva	FPL	_____ (RS-1)	Appendix I/Fuel Cost Recovery F o r e c a s t Assumptions
		_____ (RS-2)	GPIF, Performance Results Revised GPIF Sheets

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
		(RS-3)	GPIF, Performance Results Revised Testimony
		(RS-4)	GPIF, Performance Results Errata
		(RS-5)	GPIF, Performance Results Calculation Comparison
		(RS-6)	GPIF, Targets and Ranges, October 1998 - December 1998
		(RS-7)	GPIF, Targets and Ranges, January 1999 - December 1999
*Dubin		(KMD-1)	Appendix II/Fuel Cost Recovery, True - Up Calculation
		(KMD-2)	Appendix II/Fuel Cost Recovery, E Schedules
		(KMD-3)	Appendix III/Capacity Cost Recovery
*Bachman	FPUC	(GMB-2) Composite	Schedules E1, E1-A, E1-B, E1-B1, E2, E7 and E10 (Marianna Division) Schedules E1, E1-A, E1-B, E1-B1, E2, E7, E8 and E10 (Fernandina Beach Division)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Oaks	GULF	<u>(MFO-1)</u>	Projected vs. actual fuel cost of generated power March '89 - December '98
*Cranmer		<u>(SDC-2)</u>	Schedules E-1 through E-12 January 1999 - December 1999
*Fontaine		<u>(GDF-1)</u>	Gulf Power Company GPIF Results October 1997 - March 1998
		<u>(GDF-2)</u>	Gulf Power Company GPIF Targets and Ranges October 1998 - December 1998
		<u>(GDF-3)</u>	Gulf Power Company GPIF Targets and Ranges January 1999 - December 1999
*Howell		<u>(MWH-1)</u>	Gulf Power Company Projected Purchased Power Contract Transactions January 1999 - December 1999
*Zwolak	TECO	<u>(KOZ-2)</u>	Fuel Cost Recovery April 1998 - December 1998 (filed 10/5/98)
		<u>(KOZ-2)</u>	Fuel Adjustment Projection January, 1999 - December, 1999

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
		<u>(KOZ-3)</u>	Capacity Cost Recovery Projection, January, 1999 - December, 1999
*Keselowsky		<u>(GAK-1)</u>	Generating Performance Incentive Factor Results, October 1997 - March 1998
		<u>(GAK-2)</u>	Generating Performance Incentive Factor Results, October 1998 - December 1998
		<u>(GAK-2)</u>	Generating Performance Incentive Factor Results, January 1999 - December 1999
		<u>(GAK-3)</u>	Generating Performance Incentive Factor Estimated, January 1999 - December 1999
*Burkhardt		<u>(RB-1)</u>	Transportation Benchmark Calculation Coal Benchmark Calculation

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Brown		<u> </u> (DAB-1)	Docket No. 870001-EI-A, Order No. 20298, issued November 10, 1998; Docket No. 930001-EI and approved in Order No. PSC-93-0443-FOF-EI, issued March 23, 1993; Docket No. 830001-EU, Order No. 12645, issued November 3, 1983; Docket No. 850001-EI-B, Order No. 14546, issued July 8, 1985; and Docket No. 920001-EI, Audit Control No. 91-344-2-2
Hornick		<u> </u> (MJH-1)	Heat Content Adjustment Example, Gatliff Benchmark Summary and Heat Content Adjustments

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

The parties have stipulated to Issue Nos. 1, 2, 5, 6, 8, 9A, 9B, 9C, 9D, 10A, 10D, 10E, 10F, 11A, 11B, 12A, 12B, 13, 14, 15, 16, 17, 18, 19, and 20.

XI. PENDING MOTIONS

There are no pending motions at this time.

ORDER NO. PSC-98-1539-PHO-EI
DOCKET NO. 980001-EI
PAGE 29

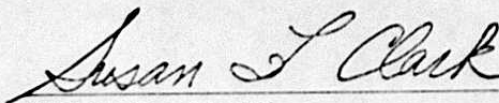
XII. RULINGS

TECO's Motion for Leave to File Supplemental Testimony is granted.

It is therefore,

ORDERED by Commissioner Susan F. Clark, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Susan F. Clark, as Prehearing Officer, this 20th day of November, 1998.



SUSAN F. CLARK
Commissioner and Prehearing Officer

(S E A L)

LJP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2)

ORDER NO. PSC-98-1539-PHO-EI
DOCKET NO. 980001-EI
PAGE 30

reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

GPIF REWARDS/PENALTIES
 October 1997 to March 1998

<u>Utility</u>	<u>Amount</u>	<u>Reward/Penalty</u>
Florida Power Corporation	(\$436,639)	Penalty
Florida Power and Light Company	\$9,707,291	Reward
Gulf Power Company	\$62,632	Reward
Tampa Electric Company	(\$188,281)	Penalty

<u>Utility/ Plant/Unit</u>	<u>EAF</u>		<u>Heat Rate</u>	
	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
<u>FPC</u>				
Anclote 1	76.8	79.9	9,944	10,007
Anclote 2	92.7	92.9	10,019	10,080
Crystal River 1	79.9	83.8	9,623	9,570
Crystal River 2	82.8	79.4	9,453	9,510
Crystal River 3	45.2	26.7	10,267	10,082
Crystal River 4	79.7	77.0	9,307	9,436
Crystal River 5	96.5	98.6	9,248	9,342
<u>Gulf</u>				
Crist 6	78.6	78.3	10,975	11,107
Crist 7	83.2	72.0	10,521	10,382
Smith 1	92.3	91.6	10,264	10,253
Smith 2	79.6	78.1	10,318	10,067
Daniel 1	67.8	73.6	10,428	10,518
Daniel 2	88.4	84.2	10,235	10,248
<u>TECO</u>				
Big Bend 1	79.3	76.3	10,084	9,998
Big Bend 2	79.7	75.7	9,961	9,993
Big Bend 3	74.1	71.2	9,680	9,786
Big Bend 4	81.1	81.5	10,025	10,011
Gannon 5	77.3	63.5	10,378	10,604
Gannon 6	88.4	72.6	10,692	10,453

GPIF REWARDS/PENALTIES
October 1996 to September 1997

<u>Utility/ Plant/Unit</u>	<u>EAF</u>	<u>Heat Rate</u>		
<u>FPL</u>	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
Cape Canaveral 1	93.5	95.0	9,428	9,435
Cape Canaveral 2	92.7	93.7	9,479	9,638
Fort Lauderdale 4	93.4	96.5	7,277	7,277
Fort Lauderdale 5	91.8	92.5	7,270	7,193
Fort Myers 2	76.1	76.3	9,343	9,164
Martin 3	95.2	97.5	6,922	7,029
Martin 4	86.6	97.7	6,902	6,994
Port Everglades 3	94.9	98.8	9,462	9,603
Port Everglades 4	78.1	84.2	9,539	9,737
Putnam 1	89.3	91.4	8,705	8,923
Putnam 2	87.8	89.8	8,489	8,822
Scherer 4	86.6	84.9	9,994	10,052
St. Lucie 1	75.0	97.6	10,912	10,922
St. Lucie 2	81.2	87.5	10,935	10,916
Turkey Point 3	82.1	85.9	11,024	11,021
Turkey Point 4	89.2	94.2	11,066	11,095

GPIF TARGETS
 October 1998 to December 1998

<u>Utility/ Plant/Unit</u>	<u>EAF</u>			<u>Heat Rate</u>	
		<u>Company</u>	<u>Staff</u>	<u>Company</u>	<u>Staff</u>
	<u>EAF</u>	<u>POF</u>	<u>EUOF</u>		<u>Agree</u>
<u>FPC</u>					
Anclote 1	88.8	7.6	3.6	Agree	10,192
Anclote 2	45.1	53.2	1.7	Agree	10,284
Crystal River 1	91.7	0.0	8.3	Agree	9,625
Crystal River 2	89.5	0.0	10.5	Agree	9,657
Crystal River 3	90.7	0.0	9.3	Agree	10,427
Crystal River 4	91.9	0.0	8.1	Agree	9,460
Crystal River 5	89.6	7.6	2.8	Agree	9,301
<u>Gulf</u>					<u>Agree</u>
Crist 6	85.9	9.8	4.3	Agree	10,737
Crist 7	76.8	9.8	13.4	Agree	10,156
Smith 1	98.1	0.0	1.9	Agree	10,207
Smith 2	87.1	9.8	3.1	Agree	10,246
Daniel 1	17.3	80.4	2.3	Agree	10,655
Daniel 2	83.1	9.8	7.1	Agree	10,300
<u>TECO</u>					<u>Agree</u>
Big Bend 1	60.3	27.4	12.3	Agree	10,311
Big Bend 2	85.4	0.0	14.6	Agree	10,311
Big Bend 3	81.9	0.0	18.1	Agree	10,051
Big Bend 4	69.6	22.8	7.6	Agree	9,945
Gannon 5	66.2	15.2	18.6	Agree	10,242
Gannon 6	82.6	0.0	17.4	Agree	10,453

GPIF TARGETS
 October 1998 to December 1998

<u>Utility/ Plant/Unit</u>	<u>EAF</u>	<u>Company</u>		<u>Staff</u>	<u>Heat Rate</u>	
<u>FPL</u>	<u>EAF</u>	<u>POF</u>	<u>EUOF</u>		<u>Company</u>	<u>Staff</u>
Cape Canaveral 2	93.6	0.0	6.4	Agree	9,613	Agree
Fort Lauderdale 4	96.0	0.0	4.0	Agree	7,262	Agree
Fort Lauderdale 5	63.7	33.7	2.6	Agree	7,257	Agree
Fort Myers 2	93.9	0.0	6.1	Agree	9,156	Agree
Manatee 2	88.8	0.0	11.2	Agree	10,198	Agree
Martin 3	81.5	14.7	3.8	Agree	6,999	Agree
Martin 4	96.0	0.0	4.0	Agree	6,913	Agree
Port Everglades 3	96.0	0.0	4.0	Agree	9,801	Agree
Riviera 3	94.4	0.0	5.6	Agree	9,781	Agree
Riviera 4	93.6	0.0	6.4	Agree	9,913	Agree
Sanford 5	89.9	0.0	10.1	Agree	9,955	Agree
St. Lucie 1	92.8	0.0	7.2	Agree	10,871	Agree
St. Lucie 2	57.1	39.1	3.8	Agree	10,876	Agree
Turkey Point 3	67.1	28.3	4.6	Agree	11,030	Agree
Turkey Point 4	93.6	0.0	6.4	Agree	11,138	Agree
Scherer 4	94.6	0.0	5.4	Agree	10,175	Agree

GPIF TARGETS
 January 1999 to December 1999

<u>Utility/ Plant/Unit</u>	<u>EAF</u>			<u>Heat Rate</u>	
		<u>Company</u>	<u>Staff</u>	<u>Company</u>	<u>Staff</u>
	<u>EAF</u>	<u>POF</u>	<u>EUOF</u>		
<u>FPC</u>					
Anclote 1	83.8	13.2	3.0	Agree	10,006
Anclote 2	94.5	0.0	5.1	Agree	9,912
Crystal River 1	76.2	16.7	7.1	Agree	9,841
Crystal River 2	85.2	1.9	12.9	Agree	9,764
Crystal River 3	80.4	12.3	7.3	Agree	10,404
Crystal River 4	90.2	1.9	7.9	Agree	9,395
Crystal River 5	83.8	13.7	2.5	Agree	9,330
<u>Gulf</u>					
Crist 6	88.4	6.3	5.3	Agree	10,624
Crist 7	82.5	6.3	11.2	Agree	10,232
Smith 1	75.9	22.2	1.9	Agree	10,190
Smith 2	88.8	6.8	4.4	Agree	10,263
Daniel 1	81.0	10.7	8.3	Agree	10,455
Daniel 2	74.7	19.7	5.6	Agree	10,264
<u>TECO</u>					
Big Bend 1	79.8	3.8	16.4	Agree	10,230
Big Bend 2	82.2	3.8	14.0	Agree	10,247
Big Bend 3	72.5	11.5	16.0	Agree	9,992
Big Bend 4	85.0	5.8	9.2	Agree	9,938
Gannon 5	73.6	5.8	20.6	Agree	10,150
Gannon 6	71.5	13.4	15.1	Agree	10,401

GPIF TARGETS
 January 1999 to December 1999

<u>Utility/ Plant/Unit</u>	<u>EAF</u>			<u>Heat Rate</u>		
	<u>EAF</u>	<u>Company POF</u>	<u>EUOF</u>	<u>Staff</u>	<u>Company Staff</u>	
FPL						
Cape Canaveral 2	93.6	0.0	6.4	Agree	9,602	Agree
Fort Lauderdale 4	93.2	3.0	3.8	Agree	7,290	Agree
Fort Lauderdale 5	93.2	3.0	3.8	Agree	7,289	Agree
Fort Myers 2	90.0	4.1	5.9	Agree	9,188	Agree
Manatee 2	88.8	0.0	11.2	Agree	10,138	Agree
Martin 3	92.3	3.0	4.7	Agree	7,016	Agree
Martin 4	93.6	2.6	3.8	Agree	6,926	Agree
Port Everglades 3	80.4	16.2	3.4	Agree	9,786	Agree
Port Everglades 4	96.0	0.0	4.0	Agree	9,836	Agree
Riviera 3	94.4	0.0	5.6	Agree	9,770	Agree
Sanford 4	91.0	0.0	9.0	Agree	9,737	Agree
Sanford 5	89.9	0.0	10.1	Agree	9,939	Agree
St. Lucie 1	83.6	9.9	6.5	Agree	10,879	Agree
St. Lucie 2	93.6	0.0	6.4	Agree	10,895	Agree
Turkey Point 3	93.6	0.0	6.4	Agree	11,047	Agree
Turkey Point 4	84.3	9.9	5.8	Agree	11,166	Agree
Scherer 4	86.6	8.5	4.9	Agree	10,120	Agree