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April 19, 2000

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RECORDS AND REPORTING
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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Review of the appropriate application of incentives to wholesale power sales by investor-owned electric utilities; FPSC Docket No. 991779-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket, on behalf of Tampa Electric Company, are the original and fifteen (15) copies of Tampa Electric Company's Prehearing Statement.

Also enclosed is a diskette containing the above document generated in Word and saved in Rich Text 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

AFA 1
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JDB/pp
Enclosures

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

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

04798 APR 19 00

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of the Appropriate)
Application of Incentives to Wholesale)
Power Sales by Investor-Owned Utilities.)
_____)

DOCKET NO. 991779-EI
FILED: April 19, 2000

ORIGINAL

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

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>
(Direct)		
Deirdre A. Brown (TECO)	Appropriateness and structure of incentives for utilities to make non-separated, non-firm wholesale sales	1 - 3
W. Lynn Brown (TECO)	Tampa Electric's wholesale activities, the wholesale power market and the significance of incentives	1 - 3
(Rebuttal)		
W. Lynn Brown (TECO)	Rebuttal to David E. Dismukes' direct testimony	1 - 3

DOCUMENT NUMBER-DATE

04798 APR 198

FPSC-RECORDS/REPORTING

ISSUE 1: Should the Commission provide for stockholder incentives to encourage non-separated, non-firm, wholesale sales?

TECO: Yes, the Commission should adhere to its existing policy of providing stockholder incentives to encourage non-separated, non-firm wholesale sales. Such incentives may provide greater benefits to ratepayers now than when they were first adopted by the Commission. No party has provided any basis for abandoning the Commission's present policy regarding incentives. (Witnesses: Deirdre A. Brown, W. Lynn Brown)

ISSUE 2: If a stockholder incentive is approved in Issue 1, what types of non-separated, non-firm, wholesale sales should be eligible to receive the stockholder incentive?

TECO: All non-separated, non-firm, wholesale sales should qualify for the stockholder incentives. (Witnesses: Deirdre A. Brown; W. Lynn Brown)

ISSUE 3: If a stockholder incentive is approved in Issue 1, how should the incentive be structured?

TECO: The incentive should be structured such that it applies to all non-separated, non-firm wholesale sales. It should apply to both demand and energy components of any gain from these transactions. Gains from the transaction should be determined by taking the overall transaction price less incremental fuel costs, which should be credited to the Fuel Clause, less incremental SO₂ costs, which should be credited to the ECRC, and less O&M costs which should be credited to operating revenues. The remaining amount is comprised of reservation charges, call premiums, and associated transmission revenues ("capacity revenues") and energy revenues. According to Order No. PSC-99-2512-FOF-EI, dated December 22, 1999 for Docket No. 990001-EI, energy revenues for non-separated, non-firm transactions should be credited to the Fuel Clause. The same order acknowledged that if these sales include an identifiable capacity component, the capacity revenue should be credited to retail ratepayers through the Capacity Cost Recovery Clause ("Capacity Clause"). The incentive sharing between customers and shareholders should be on an 80%/20% basis for sales out of state, and on a 60%/40% basis for all sales made within the state. (Witnesses: Deirdre A. Brown; W. Lynn Brown)

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 19th day of April, 2000.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lee L. Willis", is written over a horizontal line.

LEE L. WILLIS
JAMES D. BEASLEY
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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Tampa Electric Company, has been furnished by hand delivery (*) or U. S. Mail on this 19th day of April 2000 to the following:

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Decker, Kaufman, Arnold & Steen, P.A.
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Mr. Bill Walker
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859

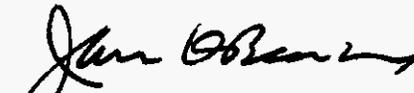
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ATTORNEY

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