

ORIGINAL

**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

October 25, 2000

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. 000001-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.

Very truly yours,

James A. McGee

- APP _____
- CAF _____
- CMP _____
- COM 3 _____
- CTR _____
- ECR _____
- LEG 1 _____
- OPC _____
- FAI _____
- RGO Handover _____
- SEC _____
- SER Barman _____
- OTH _____

JAM/kbd
Enclosure

cc: Parties of record

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

13764 OCT 26 8

FPSC-RECORDS/REPORTING

FLORIDA POWER CORPORATION

DOCKET NO. 000001-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Florida Power Corporation's Prehearing Statement has been furnished to the following individuals by regular U.S. Mail this 25th day of October, 2000.

W. Cochran Keating, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Stephen C. Burgess, Esquire
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

Lee L. Willis, Esquire
James D. Beasley, Esquire
Ausley & McMullen
P.O. Box 391
Tallahassee, FL 32302

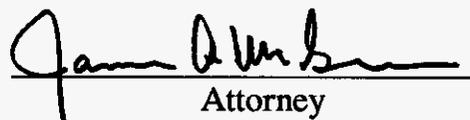
Matthew M. Childs, Esquire
Steel, Hector & Davis
215 S. Monroe Street, Suite 601
Tallahassee, Florida 32301

Jeffrey A. Stone, Esquire
Russell A. Badders, Esquire
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

Norman Horton, Jr., Esquire
Messer, Caparello & Self
P. O. Box 1876
Tallahassee, FL 32302

John W. McWhirter, Jr., Esquire
McWhirter, Reeves, et al.
100 N. Tampa Street, Suite 2900
Tampa, FL 33602

Joseph A. McGlothlin, Esquire
Vicki Gordon Kaufman, Esquire
McWhirter, Reeves, et al.
117 S. Gadsden Street
Tallahassee, FL 32301


Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 000001-EI

Submitted for filing:
October 26, 2000

**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 2001, 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	1, 3, 16, 18
Karl H. Wieland	Fuel Adjustment Projections	2-10, 12A-12F, 17-21
Rebecca J. McClintock	GPIF: Reward/Penalty and Targets/Ranges	14, 15

DOCUMENT NUMBER-DATE

13764 OCT 26 8

C. EXHIBITS

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (JS-1)	Scardino	True-up Variance Analysis
<u> </u> (JS-2)	Scardino	Schedules A1 through A13
<u> </u> (KHW-1)	Wieland	Forecast Assumptions (Parts A-C), and Capacity Cost Recovery Factors (Part D)
<u> </u> (KHW-2)	Wieland	Schedules E1 through E10 and H1
<u> </u> (RJM-1)	McClintock	Standard Form GPIF Schedules (Reward/Penalty, January - December 1999)
<u> </u> (RJM-2)	McClintock	Standard Form GPIF Schedules (Targets/Ranges, January - December 2001)

D. STATEMENT OF BASIC POSITION

None necessary.

E. STATEMENT OF ISSUES AND POSITIONS

(Note: The issue numbering sequence below corresponds to the issue numbers applicable to FPC in Staff's Final List of Issues.)

Generic Fuel Adjustment Issues

1. **ISSUE:** What are the appropriate final fuel adjustment true-up amounts for the period January through December 1999?

EPC: \$6,442,734 over-recovery. (Scardino)

2. **ISSUE:** What are the appropriate estimated fuel adjustment true-up amounts for the period January through December 2000?

EPC: \$61,660,541 under-recovery. (Wieland)

3. **ISSUE:** What are the total fuel adjustment true-up amounts to be collected from January through December 2001?

EPC: \$27,608,904 under-recovery, based on FPC's proposal to recover half of the December 2000 ending true-up balance in 2001, with the remainder deferred for recovery in 2002. (Scardino/Wieland)

4. **ISSUE:** What is the appropriate levelized fuel cost recovery factor for the period of January through December 2001?

EPC: 2.521 cents per kWh (adjusted for jurisdictional losses), based on FPC's 50% true-up recovery proposal under Issue 3 above. (Wieland)

5. **ISSUE:** What should be the effective date of the new fuel cost recovery factors for billing purposes?

EPC: The new factors should be effective beginning with the first billing cycle for January 2001, and thereafter through the last billing cycle for December 2001. The first billing cycle may start before January 1, 2001, and the last billing cycle may end after December 31, 2001, 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/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/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	2.475	3.388	2.064
B.	Distribution Primary	2.500	3.423	2.085
C.	Distribution Secondary	2.525	3.457	2.106
D.	Lighting Service	2.358		

(Wieland)

8. **ISSUE:** What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of January through December 2001?

EPC: 1.00072 (Wieland)

9. **ISSUE:** How should the Commission's decision as set forth by Order No. PSC-00-1744-PAA-EI, issued September 26, 2000 in Docket No. 991779-EI, concerning the application incentives to wholesale energy sales, be implemented?

EPC: Fuel costs should be credited with 80% of the difference between the estimated gain on non-separated wholesale energy sales for 2001, less the estimated three-year rolling average annual gain on such sales through 2000. (Wieland)

10. **ISSUE:** What is the appropriate estimated benchmark level for calendar year 2001 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, issued September 26, 2000 in Docket No. 991779-EI, for each investor-owned electric utility?

EPC: For FPC, the estimated benchmark level is \$11,061,127, which is the three-year rolling average annual gain on non-separated wholesale energy sales based on actual data for 1998 and 1999 and estimated data for 2000, subject to true-up in future proceedings. (Wieland)

Company-Specific Fuel Adjustment Issues

12A **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 1999?

FPC: 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. (Wieland)

12B **ISSUE:** Has FPC properly calculated the market price true-up for coal purchases from Powell Mountain?

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

12C **ISSUE:** Has FPC properly calculated the 1999 price for waterborne transportation services provided by Electric Fuels Corporation?

FPC: Yes. The 1999 waterborne transportation calculation has been properly made in accordance with the methodology used for prior years' calculations that have been approved by the Commission. (Wieland)

12D **ISSUE:** Should the Commission allow FPC to collect its estimated/actual true-up under-recovery for calendar year 2000 over a two-year period, commencing in 2001?

FPC: Yes. FPC's proposed two-year recovery period will mitigate the impact of the 2001 fuel adjustment increase on customers. (Wieland)

12E **ISSUE:** What is the appropriate regulatory treatment of the remainder of the estimated/actual true-up under-recovery that would be included for recovery in the fuel cost recovery factor for calendar year 2002?

FPC: The remainder of the estimated/actual true-up under-recovery, like all other over- or under-recoveries, should be included in the ongoing true-up balance. (Wieland)

- 12F **ISSUE:** Should the Commission approve FPC's proposed regulatory treatment for its wholesale power supply agreements with Seminole Electric Cooperative?

FPC: Yes, consistent with the Commission's long-standing practice regarding the Seminole agreements. (Wieland)

Generic Generating Performance Incentive Factor Issues

- 14 **ISSUE:** What is the appropriate GPIF reward or penalty for performance achieved during the period of January through December 1999?

FPC: \$2,597,148 reward. (McClintock)

15. **ISSUE:** What should the GPIF targets/ranges be for the period of January through December, 2001?

FPC: See Attachment A. (McClintock)

Generic Capacity Cost Recovery Issues

16. **ISSUE:** What is the appropriate final capacity cost recovery true-up amount for the period of January through December 1999?

FPC: \$4,479,766 under-recovery. (Scardino)

17. **ISSUE:** What is the appropriate estimated capacity cost recovery true-up amount for the period of January through December 2000?

FPC: \$4,336,561 over-recovery. (Wieland)

18. **ISSUE:** What is the appropriate total capacity cost recovery true-up amount to be collected during the period January through December 2001?

FPC: \$143,205 under-recovery. (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 2001?

FPC: \$325,662,492 (Wieland)

20. **ISSUE:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January through December 2001?

FPC: Base - 97.232%, Intermediate - 70.241%, Peaking - 85.056%
(Based on FPC's projected jurisdictional separation study for the 12 months ending December 2000, as filed in FERC Docket No. ER 005 PRO 000.)

21. **ISSUE:** What are the projected capacity cost recovery factors for the period January through December 2001?

FPC:	Rate Class	CCR Factor
	Residential	1.108 cents/kWh
	General Service Non-Demand	0.834 cents/kWh
	@ Primary Voltage	0.826 cents/kWh
	@ Transmission Voltage	0.817 cents/kWh
	General Service 100% Load Factor	0.598 cents/kWh
	General Service Demand	0.703 cents/kWh
	@ Primary Voltage	0.695 cents/kWh
	@ Transmission Voltage	0.688 cents/kWh
	Curtable	0.621 cents/kWh
	@ Primary Voltage	0.614 cents/kWh
	@ Transmission Voltage	0.608 cents/kWh
	Interruptible	0.584 cents/kWh
	@ Primary Voltage	0.578 cents/kWh
	@ Transmission Voltage	0.573 cents/kWh
	Lighting	0.191 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 

James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

GPIF TARGET AND RANGE SUMMARY

Company: Florida Power Corporation
 Period of: January, 2001- December, 2001

Plant/Unit	Weighting Factor (%)	EAF Target (%)	EAF RANGE		Max. Fuel Savings (\$000)	Max. Fuel Loss (\$000)
			Max. (%)	Min. (%)		
ANCLOTE 1	6.76	78.81	81.41	73.61	2895	(2,508)
ANCLOTE 2	4.70	92.81	96.17	86.00	2015	(2,724)
BARTOW 3	0.19	93.92	96.77	88.13	82	(1,123)
C.R. 1	6.09	76.39	81.11	67.15	2609	(7,876)
C.R. 2	21.13	84.16	91.38	70.54	9053	(12,722)
C.R. 3	2.22	85.48	86.90	82.54	953	(9,339)
C.R. 4	6.72	95.44	97.58	91.04	2880	(3,900)
C.R. 5	10.42	87.62	88.93	84.90	4466	(1,985)
TIGER BAY	2.82	78.71	81.49	73.11	1210	(2,602)
GPIF System	61.05				26163	(44,779)

Plant/Unit	Weighting Factor (%)	ANOHR Target (BTU/KWH)	NOF	ANOHR RANGE		Max. Fuel Savings (\$000)	Max. Fuel Loss (\$000)
				Min. (BTU/KWH)	Max. (BTU/KWH)		
ANCLOTE 1	3.80	10091	53.5	9811	10371	1629.9	(1,629.9)
ANCLOTE 2	4.64	10083	52.0	9801	10365	1987.0	(1,987.0)
BARTOW 3	2.31	10105	62.9	9812	10399	988.6	(988.6)
C.R. 1	1.51	9831	83.2	9659	10003	647.3	(647.3)
C.R. 2	2.42	9786	73.2	9575	10001	1035.5	(1,035.5)
C.R. 3	8.03	10247	102.6	10097	10397	3443.1	(3,443.1)
C.R. 4	5.02	9389	90.7	9196	9582	2150.8	(2,150.8)
C.R. 5	5.48	9360	93.9	9132	9587	2346.4	(2,346.4)
TIGER BAY	5.74	7190	102.9	6709	7670	2461.9	(2,461.9)
GPIF System	38.95					16690.5	(16,690.5)

Issued by: FPC

Filed:
 Suspended:
 Effective:
 Docket No.:
 Order No.: