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Matthew M. Childs, P.A.

October 26, 2000

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Ms. Blanca S. Bayó, Director
Division of Records and Reporting
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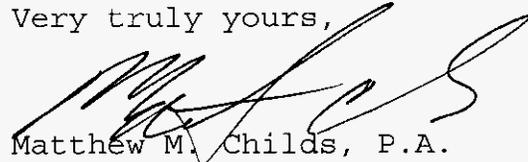
RE: DOCKET NO. 000001-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and 15 copies of Florida Power & Light Company's Prehearing Statement in regards to the above referenced docket.

Also enclosed is a formatted double sided high density 3.5 inch diskette containing the Prehearing Statement for Florida Power & Light Company.

Very truly yours,



Matthew M. Childs, P.A.

APP _____ MMC/ml
CAF _____ Enclosures
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DOCUMENT NUMBER-DATE

13767 OCT 26 8

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power)
Cost Recovery Clause and)
Generating Performance)
Incentive Factor)

DOCKET NO. 000001-EI
FILED: OCTOBER 26, 2000

FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-00-0531-PCO-EI, issued March 15, 2000, establishing the prehearing procedure in this docket, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

A. APPEARANCES

Matthew M. Childs, P. A.
Steel Hector & Davis LLP
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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
G. Yupp R. L. Wade K. M. Dubin	Fuel Adjustment True-Up and Projections	1 - 8 1 - 8 1 - 8
K. M. Dubin	Implementation of Incentives	9 - 10
K. M. Dubin	Est./Actual True-up Okeelanta/Osceola	11a - 11b 11c
R. L. Wade	St. Lucie Spent Fuel Storage	11d
R. Silva	GPIF Reward, Targets / Ranges	14 - 15
K. M. Dubin	Capacity Cost Recovery True-Up and Projections	16 - 21

DOCUMENT NUMBER-DATE

13767 OCT 26 00

FPSC-RECORDS/REPORTING

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
(GY-1)	G. Yupp	Appendix I/ Fuel Cost Recovery Forecast Assumptions
(KMD-1 and KMD-2)	K. M. Dubin	Appendix I and II Fuel Cost Recovery and Capacity Cost Recovery – Final True-up Calculation – January, 1999 through December, 1999
(KMD-3 and KMD-4)	K. M. Dubin	Appendix I and II/Fuel Cost Recovery and Capacity Cost and Recovery Estimated/Actual True-up for January, 2000 through December, 2000
(KMD-5)	G. Yupp K. M. Dubin R. L. Wade	Appendix II/Fuel Cost Recovery E Schedules, Levelized Fuel Cost Recovery Factors for January, 2001 through December, 2001
(KMD-6)	K. M. Dubin	Appendix III / Capacity Cost Recovery Factors for January, 2001 through December, 2001
(RS-1)	R. Silva	GPIF, Performance Results January, 1999 through December, 1999
(RS-2)	R. Silva	GPIF, Targets and Ranges, January, 2001 through December, 2001

These exhibits should be identified separately rather than as a composite.

D. STATEMENT OF BASIC POSITION

None necessary.

E. STATEMENT OF ISSUES AND POSITIONS

FUEL ADJUSTMENT ISSUES

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

FPL: \$96,356,314 underrecovery. This amount has already been included in customer charges from June 15, 2000 through December, 2000 as a result of the midcourse correction approved by the Commission in Order No. PSC-00-1081-PCO-EI. (DUBIN)

ISSUE 2: What are the estimated/actual fuel adjustment true-up amounts for the period January through December 2000 based upon seven months actual and five months revised estimates?

FPL: \$518,005,376 underrecovery. (DUBIN)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded during the period January, 2001 through December, 2001?

FPL: \$259,002,688 underrecovery. To mitigate the impact of the underrecovery, FPL is proposing to spread the estimated/actual true-up underrecovery of \$518,005,376 over a two-year period. (DUBIN)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January, 2001 through December, 2001?

FPL: 2.925 cents/kwh is the levelized recovery charge to be collected during the period January, 2001 through December, 2001. (DUBIN)

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

FPL: The Company is requesting that the new Fuel Cost Recovery Factors and Capacity Cost Recovery Factors become effective with customer bills for January, 2001 through December, 2001. This will provide 12 months of billing on the Fuel Cost Recovery and Capacity Recovery Factors for all customers. (DUBIN)

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?

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

ISSUE 7: What are the appropriate Fuel Cost Recovery Factors for each rate class adjusted for line losses?

FPL:

Rate Class	Rate Schedule	Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
A	RS-1,GS-1,SL-2	2.925	1.00198	2.931
A-1*	SL-1,OL-1,PL-1	2.864	1.00198	2.870
B	GSD-1	2.925	1.00191	2.930
C	GSLD-1 & CS-1	2.925	1.00077	2.927
D	GSLD-2,CS-2,OS-2 & MET	2.925	0.99503	2.910
E	GSLD-3 & CS-3	2.925	0.95800	2.802
A	RST-1,GST-1			
	On-Peak	3.213	1.00198	3.219
	Off-Peak	2.798	1.00198	2.803
B	GSDT-1, CILC-1(G)			
	On-Peak	3.213	1.00191	3.219
	Off-Peak	2.798	1.00191	2.803
C	GSLDT-1 & CST-1			
	On-Peak	3.213	1.00077	3.215
	Off-Peak	2.798	1.00077	2.800
D	GSLDT-2 & CST-2			
	On-Peak	3.213	0.99503	3.197
	Off-Peak	2.798	0.99503	2.784
E	GSLDT-3, CST-3/CILC-1(T) & ISST-1(T)			
	On-Peak	3.213	0.95800	3.078
	Off-Peak	2.798	0.95800	2.680
F	CILC-1(D) & ISST-1(D)			
	On-Peak	3.213	0.99431	3.195
	Off-Peak	2.798	0.99431	2.782

*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK (DUBIN)

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, 2001 through December, 2001?

FPL: 1.01597 is the revenue tax factor to be applied for the projection period of January, 2001 through December, 2001. (DUBIN)

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

FPL: FPL believes that the methodology for implementing the application of incentives to wholesale power sales as proposed by Staff and described in Staff's memorandum dated September 20, 2000 is appropriate. (DUBIN)

ISSUE 10: 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, in Docket No. 991779-EI issued September 26, 2000, for each investor-owned electric utility?

FPL: \$47,377,541, subject to adjustments in the April, 2001 filing. (DUBIN)

ISSUE 11a: Should the Commission allow Florida Power & Light to collect its estimated/actual true-up underrecovery for calendar year 2000 over a two-year period, commencing in 2001?

FPL: Yes. In order to mitigate the impact of the underrecovery on customer bills, FPL is proposing to spread the estimated/actual true-up underrecovery of \$518,005,376 over a two-year period commencing in 2001. (DUBIN)

ISSUE 11b: What is the appropriate regulatory treatment of the remainder of the estimated/actual true-up underrecovery that would be included for recovery in the fuel cost recovery factor for calendar year 2002?

FPL: FPL proposes to include the remainder of the estimated/actual true-up underrecovery in the fuel factor for the January 2002 through December 2002 period. Additionally, FPL proposes to treat the unrecovered portion of the \$518,005,376 as a base rate regulatory asset in 2001 and 2002, rather than the current practice of recovering the commercial paper rate of return through the fuel clause. FPL believes that this treatment is appropriate. (DUBIN)

ISSUE 11c: What is the appropriate regulatory treatment for the \$222.5 million payment to settle litigation between FPL and Okeelanta Cogen and Osceola Cogen as approved by the Commission in Order No. PSC-00-1913-PAA-EI, in Docket No. 000982-EI, issued October 19, 2000?

FPL: The appropriate regulatory treatment was approved by the Commission in Order No. PSC-00-1913-PAA-EI. Consistent with this Order, the \$222.5 million payment should be reflected as a base rate regulatory asset until December 31, 2001. Additionally, the Order approved that commencing January 1, 2002, the settlement payment would be recovered over a term of five years as follows: 79% through the capacity clause; and 21% through the fuel adjustment clause. Any unamortized amounts during the five-year term would earn interest at the commercial paper rate rather than the overall rate of return. (DUBIN)

ISSUE 11d: Should FPL be authorized to delay requesting recovery of the costs associated with the St. Lucie Spent Fuel Storage Project through the Fuel Cost Recovery Clause?

FPL: Yes. FPL requests authorization to delay requesting recovery of appropriate costs associated with this project at some future date, including costs incurred in 2001, once FPL makes a decision on which alternative or alternatives to use. FPL is not requesting recovery through the Fuel Cost Recovery Clause at this time, although FPL will be incurring costs beginning in 2001 necessary for the St. Lucie Spent Fuel Storage Project. (WADE)

GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

ISSUE 14: What is the appropriate Generation Performance Incentive Factor (GPIF) reward or penalty for performance achieved during the period of January, 1999 through December, 1999?

FPL: \$6,973,751 reward. (SILVA)

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

FPL: The targets and ranges should be as set forth in the Testimony and Exhibits of R. Silva including the following:

Plant/Unit	EAF Target (%)	Heat Rate Hr. Target (BTU/Kwh)
Cape Canaveral 1	84.5	9581
Cape Canaveral 2	94.5	9721
Lauderdale 4	93.2	7337
Lauderdale 5	93.2	7336
Manatee 1	78.3	10066
Manatee 2	90.1	10216
Martin 1	87.7	9734
Martin 2	90.9	9876
Martin 3	92.5	6874
Martin 4	93.1	6797
Port Everglades 3	84.5	9447
Port Everglades 4	93.7	9632
Turkey Point 1	92.4	9319
Turkey Point 3	86.0	11121
Turkey Point 4	93.6	11095
St. Lucie 1	85.7	10817
St. Lucie 2	85.7	10821
Scherer 4	89.9	10043

GPIF SYSTEM WEIGHTED AVERAGE NET OPERATING HR 9841 (SILVA)

CAPACITY COST RECOVERY ISSUES

ISSUE 16: What are the appropriate final capacity cost recovery true-up amount for the period January, 1999 through December, 1999?

FPL: \$16,458,284 overrecovery. (DUBIN)

ISSUE 17: What are the appropriate estimated/actual capacity cost recovery true-up amounts for the period January, 2000 through December, 2000, which is based upon seven months actual costs and five months revised estimates?

FPL: \$42,411,275 overrecovery. (DUBIN)

ISSUE 18: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January, 2001 through December, 2001?

FPL: \$58,869,559 overrecovery. (DUBIN)

ISSUE 19: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January, 2001 through December, 2001?

FPL: \$427,597,309. (DUBIN)

ISSUE 20: What are the appropriate jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January, 2001 through December, 2001?

FPL: The jurisdictional separation factor for the period January, 2001 through December, 2001 is 99.01014%. (DUBIN)

ISSUE 21: What are the projected capacity cost recovery factors for each rate class for the period January, 2001 through December, 2001?

FPL:

Rate Class	Capacity Recovery Factor (\$/KW)	Capacity Recovery Factor (\$/KWH)
RS1	-	0.00527
GS1	-	0.00492
GSD1	1.86	-
OS2	-	0.00305
GSLD1/CS1	1.87	-
GSLD2/CS2	1.86	-
GSLD3/CS3	1.98	-
CILCD/CILCG	1.96	-
CILCT	1.95	-
MET	1.92	-
OL1/SL1/PL1	-	0.00191
SL2	-	0.00340

Rate Class	Capacity Recovery Factor (Reservation Demand Charge) (\$/KW)	Capacity Recovery Factor (Sum of Daily Demand Charge)(\$/KW)
ISST1D	.24	.11
SST1T	.23	.11
SST1D	.23	.11

(DUBIN)

F. STATEMENT OF LEGAL ISSUES AND POSITIONS

FPL: None at this time.

G. STATEMENT OF POLICY ISSUES AND POSITIONS

FPL: None at this time.

H. STIPULATED ISSUES

FPL: None at this time.

I. **PENDING MOTIONS**

FPL is aware of no outstanding motions at this time.

J. **STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

There are no requirements of the Order Establishing Procedure with which FPL can not comply.

Dated this 26th day of October, 2000.

Respectfully submitted,

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Attorneys for Florida Power & Light
Company

BY:


Matthew M. Childs, P.A.

CERTIFICATE OF SERVICE
DOCKET NO. 000001-EI

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statements have been furnished by Hand Delivery (*), or U.S. Mail this 26th day of October, 2000, to the following:

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