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ORIGINAL

October 15, 2001

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COMMISSION
CLERK

Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance
Incentive Factor; FPSC Docket No. 010001-EI

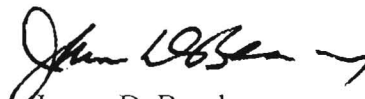
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of Tampa
Electric Company's Statement of Issues and Positions.

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

APP _____
CAF _____
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SEC 1 _____
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JDB/pp

Enclosures

cc: All parties of record (w/enc.)

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

13097 OCT 15 2001

185

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased)
Power Cost Recovery Factor)
and Generating Performance)
Incentive Factor.)
_____)

DOCKET NO. 010001-EI
FILED: October 15, 2001

**TAMPA ELECTRIC COMPANY'S
STATEMENT OF ISSUES AND POSITIONS**

Tampa Electric Company ("Tampa Electric" or "the company") hereby submits its Statement of the Issues and Positions to be taken up at the hearing scheduled to commence on November 20, 2001 in the above docket.

FUEL ADJUSTMENT

Issue No. 1: What are the appropriate final fuel adjustment true-up amounts for the period January, 2000 through December, 2000?

Tampa Electric's Position: \$23,129,476 underrecovery. (Witness: Jordan)

Issue No. 2: What are the appropriate estimated/actual fuel adjustment true-up amounts for the period January, 2001 through December, 2001?

Tampa Electric's Position: \$65,543,259 underrecovery. (Witness: Jordan)

Issue No. 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2002 to December, 2002?

Tampa Electric's Position: \$88,672,735 underrecovery. (Witness: Jordan)

Issue No. 4: What are the appropriate levelized fuel cost recovery factors for the period January, 2002 to December, 2002?

Tampa Electric's Position: The appropriate factor is 3.301 cents per KWH before the normal application of factors that adjust for variations in line losses. (Witness: Jordan)

Issue No. 5: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

Tampa Electric's Position: The new factors should be effective beginning with the specified billing cycle and thereafter for the period January 2002 and thereafter through the last billing cycle for December 2002. The first billing cycle may start before January 1, 2002 and the last billing cycle may end after December 1, 2002, so long as each customer is billed for 12 months regardless of when the factors became effective. (Witness: Jordan)

Issue No. 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?

Tampa Electric's Position: The appropriate fuel recovery line loss multipliers are

<u>Rate Schedule</u>	<u>Fuel Recovery Loss Multiplier</u>
RS, GS and TS	1.0035
RST and GST	1.0035
SL-2, OL-1 and OL-3	N/A
GSD, GSLD, and SBF	1.0009
GSDT, GSLDT, EV-X and SBFT	1.0009
IS-1, IS-3, SBI-1, SBI-3	0.9792
IST-1, IST-3, SBIT-1, SBIT-3	0.9792

(Witness: Jordan)

Issue No. 7: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

Tampa Electric's Position: The appropriate factors are

<u>Rate Schedule</u>	<u>Fuel Charge</u>	<u>Factor (cents per kWh)</u>
Average Factor		3.301
RS, GS and TS		3.313
RST and GST		4.535 (on-peak)
		2.793 (off-peak)
SL-2, OL-1 and OL-3		3.054
GSD, GSLD, and SBF		3.304
GSDT, GSLDT, EV-X and SBFT		4.523 (on-peak)
		2.786 (off-peak)
IS-1, IS-3, SBI-1, SBI-3		3.232
IST-1, IST-3, SBIT-1, SBIT-3		4.425 (on-peak)
		2.725 (off-peak)

(Witness: Jordan)

Issue No. 8: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January, 2002 to December, 2002?

Tampa Electric's Position: The appropriate revenue tax factor is 1.00072. (Witness: Jordan)

Issue No. 9: What is the appropriate 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?

Tampa Electric's Position: \$4,768,644. (Witness: Jordan)

Issue No. 10: What is the appropriate estimated benchmark level for calendar year 2002 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?

Tampa Electric's Position: \$2,283,019. (Witness: Jordan)

Issue No. 11: Has each investor-owned electric utility taken reasonable steps to manage the risks associated with its fuel transactions through the use of physical and financial hedging practices?

Tampa Electric's Position: Tampa Electric has taken reasonable steps to manage risks associated with fuel transactions. (Witnesses: Brown, Wehle)

Issue No. 12: What is the appropriate regulatory treatment for gains and losses from hedging an investor-owned electric utility's fuel transactions through futures contracts?

Tampa Electric's Position: Any such gains or losses should be flowed through the fuel and purchased power cost recovery clause. (Witness: Jordan)

Issue No. 13: What is the appropriate regulatory treatment for the premiums received and paid for hedging an investor-owned electric utility's fuel transactions through options contracts?

Tampa Electric's Position: Any premiums received and paid should be recovered through the fuel and purchased power cost recovery clause. (Witness: Jordan)

Issue No. 14: What is the appropriate regulatory treatment for the transaction costs associated with an investor-owned electric utility hedging its fuel transactions?

Tampa Electric's Position: All transaction costs associated with hedging fuel and wholesale energy costs to help avoid or limit the risk of price fluctuations for the benefit of Tampa Electric's ratepayers should be recovered through the fuel and purchased power cost recovery clause. (Witness: Jordan)

Issue No. 15: What is the appropriate regulatory treatment for capital projects with an in-service date on or after January 1, 2002, that are expected to reduce long-term fuel costs?

Tampa Electric's Position: While Tampa Electric does not seek recovery of any capital expenditures for capital projects with an in-service date on or after January 1, 2001, if the company were to seek recovery of such projects the appropriate regulatory treatment would be to recover the costs of the investments and the associated carrying costs through the fuel and purchased power cost recovery clause. (Witness: Jordan)

Issue No. 16: What is the appropriate rate of return on the unamortized balance of capital projects with an in-service date on or after January 1, 2002, that are expected to reduce long-term fuel costs?

Tampa Electric's Position: Although Tampa Electric is not seeking to recover any capital costs of such projects, if it were to seek such recovery the appropriate rate of return on the unamortized balance would be the midpoint of the company's allowed return on equity range approved by the Commission in the company's last rate case. (Witness: Jordan)

Issue No. 17: If an investor-owned electric utility exceeds the ceiling on its authorized return on common equity, can and/or should the Commission reduce by a commensurate amount recovery of prudently-incurred expenditures through the Commission's fuel and purchased power cost recovery clause?

Tampa Electric's Position: Whether the Commission can do this is a legal issue the resolution of which could depend on the facts and circumstances of any such action. As a policy

matter the Commission should not mix or net fuel and purchased power costs with base rate recoveries. They are completely different ratemaking concepts, and mixing them would cause nothing but confusion, delay and inequity. (Witness: Jordan)

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Tampa Electric Company

Issue No. 21A: What is the appropriate 2000 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

Tampa Electric's Position \$26.23/Ton. (Witness: Wehle)

Issue No. 21B: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 2000 waterborne transportation benchmark price?

Tampa Electric's Position: Because the actual affiliated coal transportation cost for 2000 fell below the waterborne transportation benchmark price, no such justification is necessary. (Witness: Wehle)

Issue No. 21C: For the period January 1998, to December 2000, were Tampa Electric Company's decisions regarding its wholesale energy purchases from and its wholesale energy sales to Hardee Power Partners reasonable?

Tampa Electric's Position: Yes. The Hardee Power Partners coal-based purchases have been very beneficial to Tampa Electric's customers. (Witness: Brown)

Issue No. 21D: For the period January 1998, to December 2000, were Tampa Electric Company's decisions regarding its wholesale energy purchases from and its wholesale energy sales to non-affiliated entities reasonable?

Tampa Electric's Position: Yes. (Witnesses: Brown, Hornick)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Issue No. 23: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January, 2000 through December, 2000 for each investor-owned electric utility subject to the GPIF?

Tampa Electric's Position: A reward in the amount of \$1,095,745. (Witness: Keselowsky)

Issue No. 24: What should the GPIF targets/ranges be for the period January, 2002 through December, 2002 for each investor-owned electric utility subject to the GPIF?

Tampa Electric's Position: The appropriate targets and ranges are shown in the Exhibit to the prefiled testimony of Mr. George A. Keselowsky.

(Witness: Keselowsky)

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

Issue No. 25: What are the appropriate final capacity cost recovery true-up amounts for the period January, 2000 through December, 2000?

Tampa Electric's Position: Underrecovery of \$589,079. (Witness: Jordan)

Issue No. 26: What are the appropriate estimated/actual capacity cost recovery true-up amounts for the period January, 2001 through December, 2001?

Tampa Electric's Position Underrecovery of \$4,971,024. (Witness: Jordan)

Issue No. 27: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January, 2002 through December, 2002?

Tampa Electric's Position: Underrecovery of \$5,560,103. (Witness: Jordan)

Issue No. 28: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January, 2002 through December, 2002?

Tampa Electric's Position: The purchased power capacity cost recovery amount to be included in the recovery factor for the period January, 2002 through December, 2002, adjusted by the jurisdictional separation factor, is \$47,002,518. The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$52,600,466. (Witness: Jordan)

Issue No. 29: What are the appropriate jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January, 2002 through December, 2002?

Tampa Electric's Position: The appropriate jurisdictional separation factor is 0.9189189. (Witness: Jordan)

Issue No. 30: What are the projected capacity cost recovery factors for each rate class/ delivery class for the period January, 2002 through December, 2002?

Tampa Electric's Position: The appropriate factors are

<u>Rate Schedule</u>	<u>Capacity Cost Recovery Factor (cents per kWh)</u>
Average Factor	0.296
RS	0.379
GS and TS	0.350
GSD, EV-X	0.269
GSLD and SBF	0.245

IS-1, IS-3, SBI-1, SBI-3

0.022

SL-2, OL-1 and OL-3

0.041

(Witness: Jordan)

DATED this 15th day of October, 2001

Respectfully submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Issues and Positions, filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 15th day of October 2001 to the following:

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