

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 020001-EI

FILED: OCTOBER 15, 2002

STAFF'S PRELIMINARY LIST OF ISSUES

Staff proposes the following preliminary issues for the Commission's consideration in Docket No. 020001-EI:

GENERIC FUEL ADJUSTMENT ISSUES

- ISSUE 1:** What are the appropriate final fuel adjustment true-up amounts for the period January 2001 through December 2001?
- ISSUE 2:** What are the appropriate estimated fuel adjustment true-up amounts for the period January 2002 through December 2002?
- ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2003 to December 2003?
- ISSUE 4:** What are the appropriate levelized fuel cost recovery factors for the period January 2003 to December 2003?
- ISSUE 5:** What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?
- 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?
- ISSUE 7:** What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

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- ISSUE 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 of January 2003 to December 2003?
- ISSUE 9:** What are the appropriate benchmark levels for calendar year 2002 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?
- ISSUE 10:** What are the appropriate estimated benchmark levels for calendar year 2003 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?
- ISSUE 11:** Should the Commission authorize each utility to recover voluntary payments of the Gas Research Institute (GRI) surcharge through the fuel and purchased power cost recovery clause?
- ISSUE 12:** Should the Commission require recovery of incremental security costs incurred in response to the terrorist acts committed on and after September 11, 2001, through base rates beginning January 1, 2006, or the effective date of a final order from each utility's next base rate proceeding, whichever comes first?

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power Corporation

- ISSUE 13A:** Has Florida Power Corporation confirmed the validity of the methodology used to determine the equity component of Progress Fuels Corporation's capital structure for calendar year 2001?
- ISSUE 13B:** Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

ISSUE 13C: Has Florida Power Corporation properly calculated the 2001 price for waterborne transportation services provided by Progress Fuels Corporation?

ISSUE 13D: What is the appropriate interpretation of the term "fuel savings" as contemplated in paragraph nine of the stipulation approved by Order No. PSC-02-0655-AS-EI, in Docket Nos. 000824-EI and 020001-EI, issued May 14, 2002?

ISSUE 13E: What is the appropriate interpretation of the term "recovery period" as contemplated in paragraph nine of the stipulation approved by Order No. PSC-02-0655-AS-EI, in Docket Nos. 000824-EI and 020001-EI, issued May 14, 2002?

ISSUE 13F: Should the Commission authorize Florida Power to recover, through the fuel and purchased power cost recovery clause, expenditures of \$7,825,500 for incremental 2002 and 2003 operation and maintenance expenses associated with security costs?

ISSUE 13G: Is Florida Power's expenditure of \$3 million for incremental 2002 and 2003 operation and maintenance expenses associated with its hedging program prudent?

ISSUE 13H: Is Florida Power's recovery of \$4,955,620 for the depreciation and return associated with its Hines Unit 2 reasonable?

ISSUE 13I: Should the Commission open a docket to evaluate whether the market price proxy for Florida Power's waterborne transportation services provided by Progress Fuels Corporation is still valid?

Florida Power & Light Company

ISSUE 14A: Should the Commission authorize FPL to recover, through the fuel and purchased power cost recovery clause, expenditures of \$11.6 million for incremental 2002 and 2003 operation and maintenance expenses associated with security costs?

ISSUE 14B: Is FPL's expenditure of \$3,448,147 for incremental 2002 and 2003 operation and maintenance expenses associated with its hedging program prudent?

ISSUE 14C: What is the appropriate regulatory treatment for the \$32.6 million in additional operation and maintenance expense associated with the inspection and repair of the reactor pressure vessel heads at FPL's four nuclear units?

Florida Public Utilities Company

No company-specific issues for Florida Public Utilities Company have been identified at this time. If such issues are identified, they shall be numbered 15A, 15B, 15C, and so forth, as appropriate.

Gulf Power Company

ISSUE 16A: Did Gulf Power correctly calculate its one-time adjustment of \$73,471 concerning Gulf Power's revenue sharing plan per Order No. PSC-99-2131-S-EI, in Docket No. 990250-EI, issued October 28, 1999?

ISSUE 16B: Will the two additional agreements for the sale of wholesale firm capacity and associated energy described on pages 5-6 of H. Homer Bell's direct testimony, prefiled September 20, 2002, produce ratepayer benefits?

ISSUE 16C: Is Gulf Power's expenditure of \$79,240 for incremental 2003 operation and maintenance expenses associated with its hedging program prudent?

Tampa Electric Company

ISSUE 17A: What is the appropriate 2001 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

ISSUE 17B: Has Tampa Electric Company adequately justified any costs associated with transportation services

provided by affiliates of Tampa Electric Company that exceed the 2001 waterborne transportation benchmark price?

ISSUE 17C: Should the Commission authorize Tampa Electric to recover, through the fuel and purchased power cost recovery clause, expenditures of \$1,204,598 million for incremental 2001, 2002, and 2003 operation and maintenance expenses associated with security costs?

ISSUE 17D: Is Tampa Electric's expenditure of \$450,000 for incremental 2003 operation and maintenance expenses associated with its hedging program prudent?

ISSUE 17E: Should the Commission open a docket to evaluate whether the waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company is still valid?

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 18: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2001 through December 2001 for each investor-owned electric utility subject to the GPIF?

ISSUE 19: What should the GPIF targets/ranges be for the period January 2003 through December 2003 for each investor-owned electric utility subject to the GPIF?

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Florida Power Corporation

No company-specific issues for Florida Power Corporation have been identified at this time. If such issues are identified, they shall be numbered 20A, 20B, 20C, and so forth, as appropriate.

Florida Power & Light Company

No company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 21A, 21B, 21C, and so forth, as appropriate.

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 22A, 22B, 22C, and so forth, as appropriate.

Tampa Electric Company

ISSUE 23A: Should the actual 2000 heat rates for Big Bend Units #1 and #2 be adjusted for the flue gas desulfurization's (FGD) impact on Tampa Electric's 2000 reward/penalty?

ISSUE 23B: Should the heat rate targets for the year 2003 for Big Bend Units #1 and #2 be adjusted for the FGD's impact on Tampa Electric's eventual 2003 reward/penalty?

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 24: What are the appropriate final capacity cost recovery true-up amounts for the period January 2001 through December 2001?

ISSUE 25: What are the appropriate estimated capacity cost recovery true-up amounts for the period January 2002 through December 2002?

ISSUE 26: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2003 through December 2003?

ISSUE 27: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2003 through December 2003?

ISSUE 28: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2003 through December 2003?

ISSUE 29: What are the appropriate capacity cost recovery factors for the period January 2003 through December 2003?

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Florida Power Corporation

No company-specific issues for Florida Power Corporation have been identified at this time. If such issues are identified, they shall be numbered 30A, 30B, 30C, and so forth, as appropriate.

Florida Power & Light Company

No company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 31A, 31B, 31C, and so forth, as appropriate.

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 32A, 32B, 32C, and so forth, as appropriate.

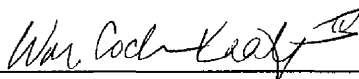
Tampa Electric Company

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 33A, 33B, 33C, and so forth, as appropriate.

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Dated this 15th day of October, 2002.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of STAFF'S
PRELIMINARY LIST OF ISSUES has been furnished to the following, by
electronic mail and U.S. Mail, this 15th day of October, 2002:

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