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c/o The Florida Legislature  
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Tallahassee, Florida 32399-1400  
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October 24, 2002

ORIGINAL

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COMMISSION  
CLERK

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

RE: Docket No. 020001-EI

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of the Office of Public Counsel's Prehearing Statement, together with a diskette containing the electronic version. The enclosed diskette is HD density, the operating system is Windows 2000, and the word processing software in which the document appears is Word 2000.

Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

Robert Vandiver  
Associate Public Counsel

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM 5 \_\_\_\_\_  
CTR \_\_\_\_\_  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power DOCKET NO. 020001-EI  
cost recovery clause with  
generating performance FILED: OCTOBER 24, 2002  
incentive factor.

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PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-02-0377-PCO-EI, issued March 20, 2002, submit this Prehearing Statement.

APPEARANCES:

ROBERT D. VANDIVER, Esquire  
Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida.

A. WITNESSES:

None.

B. EXHIBITS:

None.

C. STATEMENT OF BASIC POSITION

None at this time.

D. STATEMENT OF FACTUAL ISSUES AND POSITIONS

**GENERIC FUEL ADJUSTMENT ISSUES**

**ISSUE 1:** What are the appropriate final fuel adjustment true-up amounts for the period January 2001 through December 2001?

**OPC POSITION:** No position at this time.

**ISSUE 2:** What are the appropriate estimated fuel adjustment true-up amounts for the period January 2002 through December 2002?

**OPC POSITION:** No position at this time.

**ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2003 to December 2003?

**OPC POSITION:** No position at this time.

**ISSUE 4:** What are the appropriate levelized fuel cost recovery factors for the period January 2003 to December 2003?

**OPC POSITION:** No position at this time.

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

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**ISSUE 7:** What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No, to the extent paid, voluntary contributions should be just that. Stockholders should make these "voluntary" payments rather than forced extractions from ratepayers.

**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?

OPC POSITION: Yes. Security costs are appropriately recovered through base rates.

**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?

OPC POSITION: No position at this time.

ISSUE 13B: Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

OPC POSITION: No position at this time.

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

OPC POSITION: No position at this time.

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?

OPC POSITION: Fuel savings are calculated with and without the relevant generating unit based upon a computer model run by Florida Power Corporation.

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?

OPC POSITION: The recovery period is the term of the settlement.

**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?

**OPC POSITION:** Security costs are appropriately recovered through base rates.

**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?

**OPC POSITION:** No, as to dollar amounts.

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

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** Yes.

**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?

**OPC POSITION:** Security costs are appropriately recovered through base rates.

**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?

**OPC POSITION:** No, as to dollar amounts.

**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?

**OPC POSITION:** Stipulated issue

#### **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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

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

**OPC POSITION:** No, as to dollar amounts.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** Security costs are appropriately recovered through base rates.

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

**OPC POSITION:** No, as to dollar amounts.

**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?

**OPC POSITION:** Yes.

**ISSUE 17F:** What action should the Commission take to protect retail customers from fuel cost increases that result from the sale of the Polk #1 gasifier?



OPC POSITION: The Commission should enter a directive that Tampa Electric continue to use the cost of coal as the fuel for the Polk #1 generating unit if it goes forward with the announced sale of the Polk #1 gasifier unit.

**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?

OPC POSITION: No position at this time.

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?

OPC POSITION: No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

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

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

**OPC POSITION:** No position at this time.

**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?

OPC POSITION: No position at this time.

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

OPC POSITION: No position at this time.

#### **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.

E. STATEMENT OF LEGAL ISSUES AND POSITIONS: None at this time.

F. STATEMENT OF POLICY ISSUES AND POSITIONS: None at this time.

G. STIPULATED ISSUES: None.

H. PENDING MOTIONS: None.

I. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

CITIZEN'S PRELIMINARY LIST OF ISSUES  
DOCKET NO. 020001-EI  
PAGE 12

Dated this 24<sup>th</sup> day of October, 2002.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert Vandiver". The signature is stylized with a large initial "R" and a long horizontal stroke at the end.

ROBERT VANDIVER  
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ASSOCIATE PUBLIC COUNSEL  
OFFICE OF PUBLIC COUNSEL  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power DOCKET NO. 020001-EI  
cost recovery clause with  
generating performance FILED: OCTOBER 24, 2002  
incentive factor.

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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 24<sup>th</sup> day of October, 2002:

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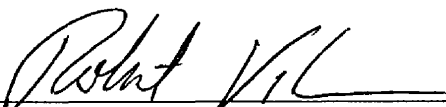
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CERTIFICATE OF SERVICE  
DOCKET NO. 020001-EI  
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