

MCWHIRTER REEVES
ATTORNEYS AT LAW

ORIGINAL

TAMPA OFFICE:
400 NORTH TAMPA STREET, SUITE 2450
TAMPA, FLORIDA 33602
P. O. BOX 3350 TAMPA, FL 33601-3350
(813) 224-0866 (813) 221-1854 FAX

PLEASE REPLY TO:

TALLAHASSEE

TALLAHASSEE OFFICE:
117 SOUTH GADSDEN
TALLAHASSEE, FLORIDA 32301
(850) 222-2525
(850) 222-5606 FAX

October 24, 2002

VIA HAND DELIVERY

Blanca S. Bayo, Director
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Re: Docket No.: 020001-EI

Dear Ms. Bayo:

On behalf of the Florida Industrial Power Users Group (FIPUG), enclosed for filing and distribution are the original and 15 copies of the following:

- ▶ The Florida Industrial Power Users Group's Prehearing Statement.

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me. Thank you for your assistance.

Sincerely,

Vicki Gordon Kaufman
Vicki Gordon Kaufman

VGK/bae
Enclosure

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 020001-EI

Filed: October 24, 2002

**THE FLORIDA INDUSTRIAL POWER USERS
GROUP'S PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-02-0377-PCO-EI, hereby files its Prehearing Statement.

A. APPEARANCES:

JOHN W. MCWHIRTER, JR., McWhirter Reeves McGlothlin Davidson Decker Kaufman & Arnold, P.A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33601-3350 and **VICKI GORDON KAUFMAN and TIMOTHY J. PERRY**, McWhirter Reeves McGlothlin Davidson Decker Kaufman & Arnold, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301

On Behalf of the Florida Industrial Power Users Group.

B. WITNESSES:

None.

C. EXHIBITS:

None. However, FIPUG reserves the right to utilize appropriate exhibits in cross-examination.

D. STATEMENT OF BASIC POSITION:

None.

E. STATEMENT OF 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?

FIPUG: FIPUG contends that Tampa Electric Company's (TECo) true-up for 2001 fuel cost underrecoveries should be considered part of TECo's average fuel costs and be collected from wholesale as well as retail customers.

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

FIPUG: FIPUG contends that for the months of January and June through September, TECo's fuel cost revenues should be adjusted to credit retail customers with the difference between the fuel cost charged to Hardee Power Partners (HPP) and system average fuel cost; or in the alternative, TECo should provide proof that retail customers are continuing to benefit from the sales to an unregulated affiliate at less than average fuel cost. FIPUG further contends that purchases from HPP should be adjusted to average fuel cost.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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

FIPUG: The true-up fuel cost factor for TECo should be adjusted from 0.01756 to 0.01704 and the Peabody coal buyout amortization surcharge should be adjusted from 0.01760 to 0.01708 to fairly allocate these fuel costs between retail and wholesale customers.

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

FIPUG: The new factors should be effective beginning with the first billing cycle for January 2003 and thereafter through the last billing cycle for December 2003. The first billing cycle may start before January 1, 2003, and the last billing cycle may end after December 30, 2003, so long as each customer is billed for twelve months regardless of when the factors become effective.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this

issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: No.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: The parties have agreed in an executed stipulation that these costs will be recovered through base rates.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this

issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: The Commission should require Tampa Electric to 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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this

issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

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?

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this

issue by the date of the prehearing conference.

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

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

F. STIPULATED ISSUES:


None at this time.

G. PENDING MOTIONS:

FIPUG has no pending motions.

H. OTHER MATTERS:

None.



John W. McWhirter, Jr.
McWhirter Reeves McGlothlin Davidson
Decker Kaufman & Arnold, P.A.
400 North Tampa Street, Suite 2450
Tampa, Florida 33601-3350
(850) 224-0866 Telephone
(850) 221-1854 Telefax

Vicki Gordon Kaufman
McWhirter Reeves McGlothlin Davidson
Decker Kaufman & Arnold, P.A.
117 South Gadsden Street
Tallahassee, Florida 32301
(850) 222-2525 Telephone
(850) 222-5606 Telefax

Attorneys for the Florida Industrial
Power Users Group

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing the Florida Industrial Power Users Group's Prehearing Statement has been furnished by (*) hand delivery, or U.S. Mail this 24th day of October, 2002, to the following:

(*)Wm. Cochran Keating IV
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Rob Vandiver
Office of the Public Counsel
111 West Madison Street
Room 812
Tallahassee, Florida 32399

Charles Guyton
Steel Hector & Davis LLP
215 South Monroe Street
Suite 601
Tallahassee, Florida 32301

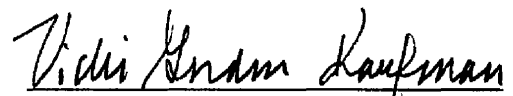
Lee L. Willis
James D. Beasley
Ausley & McMullen
227 S. Calhoun Street
Tallahassee, Florida 32302

Jeffrey A. Stone
Beggs & Lane
Post Office Box 12950
Pensacola, Florida 32591

James A. McGee
100 Central Avenue, Suite CX1D
St. Petersburg, Florida 33701

Norman H. Horton
Messer, Caparello & Self
215 South Monroe Street
Suite 701
Tallahassee, Florida 32302

John T. English
Florida Public Utilities Company
Post Office Box 3395
West Palm Beach, Florida 33402


Vicki Gordon Kaufman