

ORIGINAL

MEMORANDUM

OCTOBER 4, 2004

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COMMISSION
CLERK

TO: DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES

FROM: OFFICE OF THE GENERAL COUNSEL (VING) *AEV*

RE: DOCKET NO. 040001-EI - FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR.

Attached is STAFF'S PRELIMINARY LIST OF ISSUES to be filed in the above-referenced docket.

DATE SENT ELECTRONICALLY TO CCA 10-4-04

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FPSC-COMMISSION CLERK

Kim

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 040001-EI
| DATED: OCTOBER 4, 2004

STAFF'S PRELIMINARY LIST OF ISSUES

Staff proposes the following preliminary issues for the Commission's consideration in Docket No. 040001-EI:

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period January 2003 through December 2003? (Bohrmann)

ISSUE 2: What are the appropriate estimated fuel adjustment true-up amounts for the period January 2004 through December 2004? (Bohrmann)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2005 to December 2005? (Bohrmann)

ISSUE 4: 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 2005 through December 2005? (Brinkley)

ISSUE 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factors for the period January 2005 through December 2005? (Bohrmann)

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January 2005 through December 2005? (Draper)

ISSUE 7: 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? (Draper)

ISSUE 8: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses? (Draper)

ISSUE 9: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes? (Bohrmann)

ISSUE 10: What are the appropriate actual benchmark levels for calendar year 2004 for gains on non-separated wholesale energy sales eligible for a shareholder incentive? (Bohrmann)

ISSUE 11: What are the appropriate estimated benchmark levels for calendar year 2005 for gains on non-separated wholesale energy sales eligible for a shareholder incentive? (Bohrmann)

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Progress Energy Florida

ISSUE 12A: Has Progress Energy Florida confirmed the validity of the methodology used to determine the equity component of Progress Fuels Corporation's capital structure for calendar year 2003? (Windham, Maurey)

ISSUE 12B: Has Progress Energy Florida properly calculated the 2003 price for waterborne transportation services provided by Progress Fuels Corporation? (Windham)

ISSUE 12C: Should the Commission approve the purchased power agreement between Progress Energy Florida and Shady Hills Power Company, LLC for cost recovery purposes? (Haff, Bohrmann, Windham, Maurey)

ISSUE 12D: Should the Commission approve the purchased power agreement between Progress Energy Florida and Southern Company for cost recovery purposes? (Haff, Bohrmann, Windham, Maurey)

ISSUE 12E: Pursuant to Order No. PSC-93-1331-FOF-EI, in Docket No. 930001-EI, issued September 13, 1993, should the Commission make an adjustment to Progress Energy Florida's 2002 and 2003 waterborne coal transportation costs to account for upriver costs from mine to barge for coal commodity contracts which are quoted FOB Barge? (Windham)

ISSUE 12F: Pursuant to Order No. PSC-94-0390-FOF-EI, in Docket No. 940001-EI, issued April 4, 1994, should the Commission make an adjustment to Progress Energy Florida's 2001-2003 waterborne coal transportation costs to account for transloading costs for coal commodity contracts which are quoted FOB Barge? (Windham)

No additional company-specific issues for Progress Energy Florida have been identified at this time. If such issues are identified, they shall be numbered 12F, 12G, 12H, and so forth, as appropriate.

Florida Power & Light Company

ISSUE 13A: Should the Commission approve the three purchased power agreements between FPL and Southern Company for cost recovery purposes? (Haff, Bohrmann, Bohrmann)

No additional company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 13B, 13C, 13D, and so forth, as appropriate.

Florida Public Utilities Company

No additional company-specific issues for Florida Public Utilities Company have been identified at this time. If such issues are identified, they shall be numbered 14A, 14B, 14C, and so forth, as appropriate.

Gulf Power Company

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

Tampa Electric Company

ISSUE 16A: What is the appropriate 2003 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company? (Windham)

ISSUE 16B: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 2003 waterborne transportation benchmark price? (Windham)

ISSUE 16C: Based on the Commission's decision at the September 21, 2004, Agenda Conference in Docket No. 031033-EI, has Tampa Electric Company made the appropriate adjustments to its 2004 and 2005 waterborne coal transportation costs for recovery purposes?

No additional company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 16D, 16E, 16F, and so forth, as appropriate.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 17: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2003 through December 2003 for each investor-owned electric utility subject to the GPIF? (Matlock)

ISSUE 18: What should the GPIF targets/ranges be for the period January 2005 through December 2005 for each investor-owned electric utility subject to the GPIF? (Matlock)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

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 19A, 19B, 19C, and so forth, as appropriate.

Progress Energy Florida

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

Gulf Power Company

ISSUE 21A: Should the Commission approve the generating units proposed by Gulf Power Company for the company's 2005 GPIF units? (Matlock)

ISSUE 21B: Should the Commission consider excluding the Daniel units from the 2004 GPIF reward/ penalty calculation due to the burning of low Btu coal at those units in some months? (Matlock)

ISSUE 21C: Should the Commission approve the exclusion of the Daniel units from the 2005 heat rate targets? (Matlock)

No additional company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 21D, 21E, 21F, and so forth, as appropriate.

Tampa Electric Company

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

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 23: What are the appropriate final capacity cost recovery true-up amounts for the period January 2003 through December 2003? (Lee)

ISSUE 24: What are the appropriate estimated capacity cost recovery true-up amounts for the period January 2004 through December 2004? (Lee)

ISSUE 25: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2005 through December 2005? (Lee)

ISSUE 26: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2005 through December 2005? (Lee)

ISSUE 27: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factors for the period January 2005 through December 2005? (Wheeler)

ISSUE 28: What are the appropriate capacity cost recovery factors for the period January 2005 through December 2005? (Wheeler)

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Progress Energy Florida

ISSUE 29A: Are Progress Energy Florida's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security measures reasonable for cost recovery purposes? (Lee, Windham)

No additional company-specific issues for Progress Energy Florida have been identified at this time. If such issues are identified, they shall be numbered 29B, 29C, 29D, and so forth, as appropriate.

Florida Power & Light Company

ISSUE 30A: Are Florida Power & Light's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security measures reasonable for cost recovery purposes? (Lee, Bohrmann)

No additional company-specific issues for Florida Power & Light have been identified at this time. If such issues are identified, they shall be numbered 30B, 30C, 30D, 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 31A, 31B, 31C, and so forth, as appropriate.

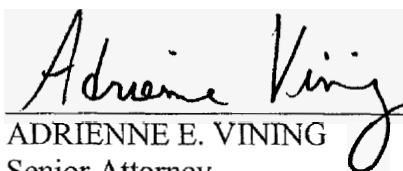
Tampa Electric Company

ISSUE 32A: Are Tampa Electric Company's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security measures reasonable for cost recovery purposes? (Lee, Matlock)

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

Dated this 4th day of October, 2004.

Respectfully submitted,



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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. DOCKET NO. 040001-EI
DATED: OCTOBER 4, 2004

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of STAFF'S PRELIMINARY LIST OF ISSUES was furnished to the following, by U.S. Mail, on this 4th day of October, 2004.

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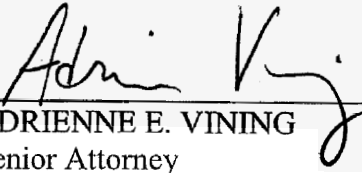
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