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OFFICE OF PUBLIC COUNSEL**



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Patricia A. Christensen  
Associate Public Counsel

October 18, 2004

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

RE: Docket No. 040001-EI

Dear Ms. Bayó:

Enclosed for filing in the above referenced docket are an original and fifteen copies of the Office of Public Counsel's Prehearing Statement together with a diskette containing the electronic version of same. The diskette is HD density; the word processing software in which the document appears is Word 3000.

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.

COMMISSION CLERK  
04 OCT 18 PM 3:16  
ED-PPSC

Sincerely,

Patricia A. Christensen  
Associate Public Counsel

- CMP \_\_\_\_\_
- COM 5
- CTR \_\_\_\_\_
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- GCL \_\_\_\_\_
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Enclosures
- MMS \_\_\_\_\_
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EDSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

DOCKET NO. 040001-EI  
FILED: October 18, 2004

**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-04-0233-PCO-EI, issued March 2, 2004, submit this Prehearing Statement.

**APPEARANCES:**

PATRICIA A. CHRISTENSEN, 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 2003 through December 2003?

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

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

**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 2005 to December 2005?

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

**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 to December 2005?

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

**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?

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

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

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

**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?

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

**ISSUE 8:** 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 9:** 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 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?

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

**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?

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

**ISSUE 12:** Should each investor-owned utility be required to report its capacity charges and costs, estimated and actual, for wholesale capacity sales and purchases in a schedule similar in format to Schedules E-6, A-6, E-7, A-7, E-8, A-8, E-9, and A-9?

**OPC POSITION:** None at this time.

## **COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

### **Progress Energy Florida**

**ISSUE 13A:** 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?

**OPC POSITION:** None at this time.

**ISSUE 13B:** Has Progress Energy Florida properly calculated the 2003 price waterborne transportation services provided by Progress Fuels Corporation?

**OPC POSITION:** None at this time.

**ISSUE 13C:** Should the Commission defer all issues related to the purchased power agreements between Progress Energy Florida and Shady Hills Power Company, LLC and Progress Energy Florida and Southern Company to a separate docket?

**OPC POSITION:** OPC has a Joint Motion to Remove Issues Related to Proposed Unit Power Sales Agreement from Adjustment Docket pending at this time.

**ISSUE 13D:** If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission require Progress Energy Florida to explore alternatives in the wholesale market prior to seeking approval of the purchased power agreements?

**OPC POSITION:** None at this time.

**ISSUE 13E:** If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission approve the tolling agreement between Progress Energy Florida and Shady Hills Power Company, LLC for cost recovery purposes?

**OPC POSITION:** None at this time.

**ISSUE 13F:** If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission approve the Unit Power Sales (UPS) agreement between Progress Energy Florida and Southern Company for cost recovery purposes?

**OPC POSITION:** None at this time.

**ISSUE 13G:** 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?

OPC POSITION: None at this time.

**ISSUE 13H:** Pursuant to Order No. PSC-94-0390-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?

OPC POSITION: None at this time.

**ISSUE 13I:** Pursuant to Order No. PSC-40-0713-AS-EI, in Docket No. 031057-EI, issued July 20, 2004, has Progress Energy Florida made the appropriate adjustments to its 2004 and 2005 waterborne coal transportation costs for recovery purposes?

OPC POSITION: None at this time.

**ISSUE 13J:** Has Progress Energy Florida provided sufficient evidence of fuel savings to justify charging depreciation and a return in the amount of approximately \$37 million related to Hines Unit 2?

OPC POSITION: None at this time.

### **Florida Power & Light Company**

**ISSUE 14A:** Should the Commission defer all issues related to the purchased power agreements between FPL and Southern Company to a separate docket?

OPC POSITION: OPC has a Joint Motion to Remove Issues Related to Proposed Unit Power Sales Agreement from Fuel Adjustment Docket pending at this time.

**ISSUE 14B:** If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission require FPL to explore alternatives in the wholesale market prior to seeking approval of the purchased power agreements?

OPC POSITION: None at this time.

**ISSUE 14C:** Should the Commission approve the three UPS agreements between FPL and Southern Company for cost recovery purposes?

**OPC POSITION:** None at this time.

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 14D, 14E, 14F, and so forth, as appropriate.

### **Florida Public Utilities Company**

**ISSUE 15A:** Should the Commission adjust FPUC's true-up balances to account for the unbundling of the Gross Receipts Tax from FPUC's base rates by Order No. PSC-04-0369-AS-EI, in Docket No. 030438-EI, issued April 6, 2004?

**OPC POSITION:** None at this time.

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 15B, 15C, 15D, 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 16A, 16B, 16C, and so forth, as appropriate.

### **Tampa Electric Company**

**ISSUE 17A:** What is the appropriate 2003 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

**OPC POSITION:** None 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 2003 waterborne transportation benchmark price?

**POSITION:** None at this time.

**ISSUE 17C:** 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?

**POSITION:** None at this time.

**ISSUE 17D:** Has Tampa Electric calculated the appropriate interest on its 2003 over-recovery balance?

**POSITION:** None at this time.

**ISSUE 17E:** Are the fuel charges Tampa Electric expects to incur for its wholesale energy purchases from Hardee Power Partners for 2005 reasonable?

**POSITION:** None at this time.

**ISSUE 17F:** Should the Commission approve Tampa Electric's purchased power agreement for 150 MW of non-firm energy referenced in Benjamin F. Smith's direct testimony for cost recovery purposes?

**POSITION:** None at this time.

No additional company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 17G, 17H, 17I, and so forth, as appropriate.

#### **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 2003 through December 2003 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 2005 through December 2005 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 & Light Company**

No additional company-specific issues for Florida Power & Light have been identified at this time. If such issues are identified, they shall be numbered 20A, 20B, 20C, 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 21A, 21B, 21C, and so forth, as appropriate.

### **Gulf Power Company**

**ISSUE 22A:** Should the Commission approve the generating units proposed by Gulf Power Company for the company's 2005 GPIF units?

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

**ISSUE 22B:** 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.

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

**ISSUE 22C:** Should the Commission approve the exclusion of the Daniel units from the 2005 heat rate targets?

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

No additional company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 22D, 22E, 22F, 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 23A, 23B, 23C, and so forth, as appropriate.

## **GENERIC CAPACITY COST RECOVERY FACTOR ISSUES**

**ISSUE 24:** What are the appropriate final capacity cost recovery true-up amounts for the period January 2003 through December 2003?

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

**ISSUE 25:** What are the appropriate estimated capacity cost recovery true-up amounts for the period January 2004 through December 2004?

**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 2005 through December 2005?

**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 2005 through December 2005?

**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 factors for the period January 2005 through December 2005?

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

**ISSUE 29:** What are the appropriate capacity cost recovery factors for the period January 2005 through December 2005?

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

## **COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES**

### **Progress Energy Florida**

**ISSUE 30A:** 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?

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

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

### **Florida Power & Light**

**ISSUE 31A:** Are Florida Power & Light's actual and projected expenses for 2003 through 2005 for its post-September 1, 2001, security measures reasonable for cost recovery purposes?

No company-specific issues for Florida Power & Light have been identified at this time. If such issues are identified, they shall be numbered 31B, 31C, 31D, 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**

**ISSUE 33A:** 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?

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 33B, 33C, 33D, 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:** Joint Motion to Remove Issues Related to Proposed Unit Power Sales Agreement from Fuel Adjustment Docket.

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.

Dated this 14<sup>th</sup> day of October, 2004.

Respectfully submitted,



Patricia A. Christensen  
Florida Bar No. 0989789  
Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
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**CERTIFICATE OF SERVICE**  
**DOCKET NO. 040001-EI**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail on this 18th day of October, 2004, to the following:

William (Cochran) Keating  
Jennifer Rodan  
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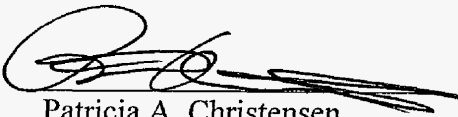
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A handwritten signature in black ink, appearing to read 'Patricia A. Christensen', with a long horizontal flourish extending to the right.

Patricia A. Christensen  
Associate Public Counsel