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Matilda Sanders

From: Tim Perry [tperry@mac-law.com]
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 To: Filings@psc.state.fl.us
 Cc: JWM -- John McWhirter; tperry@mac-law.com
 Subject: Docket No. 050001-EI
 Attachments: FIPUG's Prehearing Statement - 10-17-05.doc

1. Timothy J. Perry, McWhirter Reeves, 117 S. Gadsden Street, Tallahassee, FL 32301, (850) 222-2525, tperry@mac-law.com is the person responsible for this electronic filing;
2. The filing is to be made in Docket 050001-EI, *In re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor*;
3. The filing is made on behalf of the Florida Industrial Power Users Group;
4. The total number of pages is 13; and
5. The attached MS Word document is the The Florida Industrial Power Users Group's Prehearing Statement.

Timothy J. Perry
 McWhirter Reeves
 117 S. Gadsden St.
 Tallahassee, FL 32301
 (850) 222-2525
 (850) 222-5606 - Fax
tperry@mac-law.com

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10/17/2005

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power
Cost Recovery Clause with Generating
Performance Incentive Factor.

Docket No. 050001-EI
Filed: October 17, 2005

THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-05-0281-PCO-EI establishing the prehearing procedure in this docket, The Florida Industrial Power Users Group (FIPUG) hereby files its Prehearing Statement.

A. APPEARANCES:

JOHN W. MCWHIRTER, JR., McWhirter, Reeves & Davidson, P.A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33601-3350,
and
TIMOTHY J. PERRY, McWhirter, Reeves & Davidson, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301.

On Behalf of the Florida Industrial Power Users Group.

B. WITNESSES:

None.

C. EXHIBITS:

None at this time. However, FIPUG reserves the right to utilize appropriate exhibits during cross-examination.

D. STATEMENT OF BASIC POSITION:

None.

E. STATEMENT OF ISSUES AND POSITIONS:

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 1: What are the appropriate fuel adjustment true-up amounts for the period January 2004 through December 2004?

FIPUG: No position at this time.

ISSUE 2: What are the appropriate fuel adjustment true-up amounts for the period January 2005 through December 2005?

FIPUG: No position at this time.

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2006 to December 2006?

FIPUG: No position at this time.

ISSUE 4: Should the Commission revise the fuel cost recovery factors in April 2006, after the final 2005 true-up filing, if a utility's estimated 2005 under-recovery developed during the 2005 hurricane season exceeds the actual under-recovery?

FIPUG: Yes. By correcting any final 2005 true-up over recoveries at the time the utilities make their true-up filing, rather than waiting nine months until January 2007, the Commission may give customers a modicum of relief from the rate shock they will encounter come January 1, 2006.

ISSUE 5: 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 2006 through December 2006?

FIPUG: No position at this time.

ISSUE 6: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factors for the period January 2006 through December 2006?

FIPUG: No position at this time.

ISSUE 7: What are the appropriate levelized fuel cost recovery factors for the period January 2006 through December 2006?

FIPUG: No position at this time.

ISSUE 8: 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: No position at this time.

ISSUE 9: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

FIPUG: No position at this time.

ISSUE 10: 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 2006 and thereafter through the last billing cycle for December 2006. The first billing cycle may start before January 1, 2006, and the last billing cycle may end after December 30, 2006, so long as each customer is billed for twelve months regardless of when the factors become effective.

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

FIPUG: No position at this time.

ISSUE 12: What are the appropriate estimated benchmark levels for calendar year 2006 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FIPUG: No position 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 2004?

FIPUG: No position at this time.

ISSUE 13B: Has Progress Energy Florida properly calculated the 2004 price for waterborne transportation services provided by Progress Fuels Corporation?

FIPUG: No position at this time.

ISSUE 13C: Are PEF's proposed inverted residential fuel factors appropriate?

FIPUG: No position at this time.

ISSUE 13D: Did Progress Energy Florida appropriately refund to its ratepayers the overpayments of \$6.1 million made to 16 qualifying facilities between August 2003 and August 2004?

FIPUG: No position at this time.

ISSUE 13E: Did Progress Energy Florida prudently incur the additional \$17.5 million in

incremental fuel costs due to the impact of the 2004 hurricane season?

FIPUG: No position at this time.

ISSUE 13F: Should the Commission grant Progress Energy Florida's petition for approval of waterborne coal transportation service contracts?

FIPUG: No position at this time.

ISSUE 13G: Are costs associated with Progress Energy Florida's contract with Virginia Power Energy Marketing for long term natural gas supply and transportation reasonable and appropriate for recovery?

FIPUG: No position at this time.

ISSUE 13H: Has Progress Energy Florida adequately mitigated the price risk for natural gas, residual oil, and purchased power for 2004 through 2006?

FIPUG: No position at this time.

ISSUE 13I: Is PEF's request for recovery of \$10,413,156 for coal car investment, carrying costs for coal in transit, and coal procurement reasonable?

FIPUG: No position at this time.

ISSUE 13J: Should the Commission approve PEF's request for recovery of capacity and energy costs associated with PEF's wholesale purchase contract with Central Power & Lime, commencing in December 2005, subject to subsequent review of the costs incurred pursuant to the contract for reasonableness and prudence?

FIPUG: No position at this time.

ISSUE 13K: Did PEF prudently incur its incremental fuel costs due to the impact of the 2005 hurricane season?

FIPUG: No position at this time.

ISSUE 13L: Were the prices that PEF paid to Progress Energy Fuels Corporation for coal reasonable in amount? If not, what adjustment should be made?

FIPUG: No position at this time.

ISSUE 13M: Should the Commission order PEF to collect its \$264.9 million under-recovery over a two-year period?

FIPUG: Yes. PEF's 2005 estimated under recovery is in addition to a projected increase for fuel and purchased power costs in 2006 and a surcharge for the 2004

hurricanes. By spreading the collection of the under recovery over two years, the Commission can help lessen the cumulative blow of these rate increases on customers and avoid rate shock.

Florida Power & Light Company

ISSUE 14A: Did Florida Power & Light prudently incur the additional \$50,162,000 in incremental fuel costs due to the impact of the 2004 hurricane season?

FIPUG: No position at this time.

ISSUE 14B: Is FPL's incremental 2006 hedging O&M expense of \$496,485 reasonable and appropriate for recovery?

FIPUG: No position at this time.

ISSUE 14C: Should the Commission authorize FPL to defer collecting \$384,681,845 of its 2005 actual/estimated true-up until 2007?

FIPUG: No position at this time.

ISSUE 14D: Has FPL adequately mitigated the price risk of natural gas, residual oil, and purchased power for 2004 through 2006?

FIPUG: No position at this time.

ISSUE 14E: Are the replacement fuel and purchased power costs associated with the unplanned outage at Turkey Point Unit 4, commencing on June 27, 2005, reasonable and appropriate for recovery at this time?

FIPUG: No position at this time.

ISSUE 14F: Should the Commission approve FPL's request to recover through the fuel clause approximately \$30 million for its St. Lucie Unit 2 Steam Generator Sleaving Project?

FIPUG: No. This type of expense is not recoverable through the fuel and purchased power cost recovery clause.

ISSUE 14G: Should FPL credit the net proceeds of \$6,442,183 from the settlement between the U.S. Department of Energy and FPL, among other parties, to the fuel clause?

FIPUG: No position at this time.

ISSUE 14H: Are FPL's proposed inverted residential fuel factors appropriate?

FIPUG: No position at this time.

ISSUE 14I: Did FPL prudently incur its incremental fuel costs due to the impact of the 2005 hurricane season?

FIPUG: No position at this time.

Florida Public Utilities Company

ISSUE 15A: Has Florida Public Utilities Company made the adjustments as noted in Audit Exception No. 1 to Audit No. 05-028-4-2 to its Northeast Division's fuel revenues?

FIPUG: No position at this time.

ISSUE 15B: What is the appropriate regulatory treatment for fees paid to Christensen and Associates to perform FPUC's request for proposals for wholesale capacity and energy commencing 2008 and develop a rate-smoothing surcharge for 2006 and 2007?

FIPUG: No position at this time.

ISSUE 15C: Should the Commission grant Florida Public Utilities Company's request to adopt a surcharge to its fuel factor(s) to phase in future higher wholesale capacity and energy costs, expected to begin in January 2008?

FIPUG: No position at this time.

ISSUE 15D: Should the Commission grant Florida Public Utilities Company's request to adopt a consolidated fuel factor for its two divisions?

FIPUG: No position at this time.

Gulf Power Company

ISSUE 16A: Should Gulf Power recover associated replacement fuel and purchased power costs prior to exhausting all avenues of redress against the party or parties which manufactured, delivered, or installed the turbine at the Smith Unit 3 which failed during 2005?

FIPUG: No position at this time.

ISSUE 16B: Has Gulf Power adequately mitigated the price risk of natural gas and purchased power for 2004 through 2006?

FIPUG: No position at this time.

ISSUE 16C: Did Gulf Power prudently incur its incremental fuel costs due to the impact of the

2005 hurricane season?

FIPUG: No position at this time.

ISSUE 16D: Is Gulf Power Company's incremental 2006 hedging O&M expense of \$28,080 reasonable and appropriate for recovery?

FIPUG: No position at this time.

Tampa Electric Company

ISSUE 17A: Pursuant to Order No. PSC-04-0999-FOF-EI, in Docket No. 031033-EI, issued October 12, 2004, has Tampa Electric Company made the appropriate adjustments to its 2004 waterborne coal transportation costs for recovery purposes?

FIPUG: No position at this time.

ISSUE 17B: Has Tampa Electric Company properly adjusted its waterborne coal transportation costs associated with transportation services provided by TECO Transport in the recovery factor for the period January 2006 through December 2006?

FIPUG: No position at this time.

ISSUE 17C: Did Tampa Energy Company prudently incur the additional \$2,736,764 in incremental fuel and purchased power costs due to the impact of the 2004 hurricane season?

FIPUG: No position at this time.

ISSUE 17D: Did Tampa Electric Company prudently incur its incremental fuel costs due to the impact of the 2005 hurricane season?

FIPUG: No position at this time.

ISSUE 17E: Should Tampa Electric recover associated replacement fuel and purchased power costs prior to exhausting all avenues of redress against the party or parties which manufactured, delivered, or installed the rotor at Polk Unit 1 which failed and caused an unplanned outage at Polk Unit 1, commencing January 18, 2005?

FIPUG: No. All avenues of redress should first be exhausted before the Commission decides whether Tampa Electric should be allowed to recover associated replacement fuel and purchased power costs. FIPUG takes no position at this time, pending information adduced during discovery and at hearing, as to whether Tampa Electric should be allowed to recover such costs.

ISSUE 17F: Has Tampa Electric adequately mitigated the price risk of natural gas and

purchased power for 2004 through 2006?

FIPUG: No position at this time.

ISSUE 17G: Should Tampa Electric recover associated replacement fuel costs prior to exhausting all avenues of redress against No. 1 Contractors for failure to deliver coal as set forth in its March, 2004, contract with Tampa Electric?

FIPUG: No. All avenues of redress should first be exhausted before the Commission decides whether Tampa Electric is allowed to recover associated replacement fuel costs. FIPUG takes no position at this time, pending information adduced during discovery and at hearing, as to whether Tampa Electric should be allowed to recover such costs.

ISSUE 17H: Is Tampa Electric's new long-term firm service agreement with Gulfstream Natural Gas System, LLC to provide natural gas transportation to Bayside Generating Station prudent?

FIPUG: No position at this time.

ISSUE 17I: Is Tampa Electric Company's incremental 2006 hedging O&M expense of \$235,798 reasonable and appropriate for recovery?

FIPUG: No position at this time.

ISSUE 17J: Was Tampa Electric Company's decision to purchase synthetic coal from Synthetic American Fuel, LLC, commencing January 2005, prudent?

FIPUG: No position at this time.

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 2004 through December 2004 for each investor-owned electric utility subject to the GPIF?

FIPUG: No position at this time.

ISSUE 19: What should the GPIF targets/ranges be for the period January 2006 through December 2006 for each investor-owned electric utility subject to the GPIF?

FIPUG: No position at this time.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

FIPUG: None at this time.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

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

FIPUG: No position at this time.

ISSUE 25: What are the appropriate capacity cost recovery true-up amounts for the period January 2005 through December 2005?

FIPUG: 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 2006 through December 2006?

FIPUG: 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 2006 through December 2006?

FIPUG: 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 2006 through December 2006?

FIPUG: No position at this time.

ISSUE 29: What are the appropriate capacity cost recovery factors for the period January 2006 through December 2006?

FIPUG: No position at this time.

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Progress Energy Florida

ISSUE 30A: Has PEF provided sufficient evidence to justify its increase in capacity costs?

FIPUG: No position at this time.

ISSUE 30B: Are PEF's actual and projected expenses for 2004 through 2006 for its post-September 11, 2001 security measures reasonable for cost recovery purposes?

FIPUG: No position at this time.

Florida Power & Light Company

ISSUE 31A: Is FPL's requested post-9/11 security compliance cost for 2004, 2005, and 2006 (projected) at its nuclear power plants reasonable and appropriate for recovery?

FIPUG: No position at this time.

Gulf Power Company

FIPUG: None at this time.

Tampa Electric Company

FIPUG: None at this time.

F. STIPULATED ISSUES:

None at this time.

G. PENDING MOTIONS OR OTHER MATTERS:

FIPUG has one pending motion: The Florida Industrial Power Users Group's Petition for Automatic Correction of Final 2005 True-up Over Recoveries, filed October 13, 2005.

H. PENDING CLAIMS OF CONFIDENTIALITY:

FIPUG has no pending confidentiality claims.

I. COMPLIANCE WITH ORDER NO. PSC-05-0281-PCO-EI:

FIPUG has not at this time identified any portion of the procedural order that cannot be complied with.

s/ Timothy J. Perry

John W. McWhirter, Esq.
McWhirter, Reeves, & Davidson, P.A.
400 North Tampa Street, Suite 2450
Tampa, Florida 33602
Telephone: (813) 224-0866
Telecopier: (813) 221-1854
jmcwhirter@mac-law.com

Timothy J. Perry, Esq.
McWhirter, Reeves, & Davidson, P.A.
117 South Gadsden Street
Tallahassee, Florida 32301
(850) 222-2525 (telephone)
(850) 222-5606 (fax)
tperry@mac-law.com

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 electronic Mail and U.S. Mail this 17th day of October 2005, to the following:

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

Harold McLean
Charlie Beck
Joseph A. McGlothlin
Patricia A. Christensen
Office of Public Counsel
111 West Madison Street
Room 812
Tallahassee, Florida 32399

John T. Butler
Squire, Sanders and Dempsey
200 S. Biscayne Boulevard
Suite 4000
Miami, Florida 33131-2398

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

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

Alex Glenn
Progress Energy Florida, Inc.
100 Central Avenue, Suite CX1D
St. Petersburg, Florida 33701

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

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

Jon Moyle
Moyle, Flanigan, Katz,
Raymond & Sheehan, P.A.
The Perkins House
118 North Gadsden Street
Tallahassee, Florida 32301

Gary V. Perko
Hopping, Green and Sams
Post Office Box 6526
Tallahassee, Florida 32314-6526

R. Wade Litchfield
Natalie Smith
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408

Michael Twomey
Post Office Box 5256
Tallahassee, FL 32314-5256

R. Scheffel Wright
Landers & Parsons, P.A.
310 West College Ave.
Tallahassee, Florida 32301

Lt. Col Karen White
Maj Craig Paulson
AFCEA/ULT
139 Barnes Drive
Tyndall Air Force Base, FL 32403

s/ Timothy J. Perry
Timothy J. Perry
Florida Bar No. 0496391