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Matilda Sanders

From: John W. McWhirter [jmcwhirter@mac-law.com]
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Subject: FIPUG Prehearing Statement Docket 060362-EI
Attachments: 060362 fipug's prehearing statement.doc

ELECTRONIC FILING

1. John W. McWhirter, Jr., McWhirter Reeves & Davidson, P.A., 400 N. Tampa St. Tampa, FI 33602, jmcwhirter@mac-law.com is the person responsible for this electronic filing;
2. The filing is to be made in Docket 060362-EI spun off from Docket 060001, In re: Fuel and Purchased Power Cost Recovery Clause The filing is made on behalf of the Florida Industrial Power Users Group;
3. The total number of pages is 4; and
4. The attached document is The Florida Industrial Power User Group's Prehearing Statement.

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FPSC-COMMISSION CLERK

10/6/2006

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 060362-EI
Filed: October 6, 2006

THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT

Pursuant to Order No. PSC-06-0207-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,

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:

FPL is a subsidiary of FPL Group which also owns and operates an energy trading subsidiary. Before imposing any costs on FPL's retail customers for gas storage it should be proven that the gas is dedicated to the retail customers and not available for opportunity sales into the wholesale market unless the wholesale sale includes an equitable share of the storage costs and all profits from the sales flow directly to retail consumers through a reduction in fuel costs. FPL is currently operating under a base rate freeze which places a strong incentive on the utility to shift costs normally allocated to base rates into cost recovery clauses. Carrying costs on stored gas inventory is a frozen base rate item and should not be added to retail consumer fuel costs. If the gas is held exclusively for retail customers storage operating costs could logically be collected through the fuel charge.

E. STATEMENT OF ISSUES AND POSITIONS:

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 1: Should the Commission approve cost recovery through the fuel clause by Florida Power and Light for natural gas storage project costs and charges at both MoBay storage facility and Bay Gas storage facility, including monthly storage reservation charges, fuel retention and commodity charges for injection and withdrawal, monthly insurance charges, base gas charges and carrying costs on natural gas stored in inventory?

FIPUG: Certain costs should be allocated to base rates others should be collected through the fuel cost recovery charge.

ISSUE 2: Should the Commission approve FPL's proposal to recover the MoBay Gas Storage Costs including Base (pad) Gas and Fuel Storage Carrying Costs through the Fuel Cost Recovery ("FCR") Clause beginning in 2008?

FIPUG: Variable operating costs for maintaining fuel dedicated to retail service should be eligible for recovery through the FCR clause

ISSUE 3: Should the Commission approve FPL's request to recover Carrying Costs on gas stored at the Bay Gas facility through the FCR Clause commencing upon approval of FPL's petition?

FIPUG: No

ISSUE 4: Should FPL be allowed to recover the costs for accessing and using the MoBay Gas Storage Facility?

FIPUG: Yes

ISSUE 5: What is the appropriate regulatory treatment of the base gas requirement for the MoBay gas storage contract?

FIPUG: Gas dedicated to retail service should be included in rate base.

ISSUE 6: What is the appropriate regulatory treatment for the carrying costs associated with any unamortized balance of MoBay base gas?

FIPUG: Carrying costs should be recovered through base rates.

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 6th day of October 2006, to the following:

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