

**Ruth Nettles**

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**Sent:** Friday, October 05, 2007 3:27 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** FIPUG PREHEARING STATEMENT DOCKET 070001-EI  
**Attachments:** FIPUG's Prehearing Statement - 10-8-07.doc

1. John W. McWhirter, Jr., 400 N. Tampa St. Tampa, FL 33602, [jmcwhirter@mac-law.com](mailto:jmcwhirter@mac-law.com) is the person responsible for this electronic filing;
2. The filing is to be made in Docket 070001-EI, Fuel Adjustment Cost Recovery
3. The filing is made on behalf of the Florida Industrial Power Users Group;
4. The total number of pages is 8; and
5. The attached document is the FIPUG's PREHEARING STATEMENT

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

Docket No. 070001-EI  
Filed: October 5, 2007

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

The Florida Industrial Power Users Group (FIPUG) hereby files its Prehearing Statement,  
in compliance with Order No. PSC-07-0221-PCO-EI:

**A. APPEARANCES:**

**JOHN W. MCWHIRTER, JR.**, McWhirter, Reeves & Davidson, P.A., 400 North  
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**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:**

FIPUG demands strict proof that previously filed projections are still reasonable in light  
of any changed circumstances. FIPUG recognizes that utilities benefit from hedging activities at  
customer expense, but customers appear to derive no benefit because the conversion to annual  
fuel factors already removes fuel cost volatility. After five years of operation the Commission  
has now had the opportunity to sufficiently observe operating experience to justify a detailed  
review of hedging activity effectiveness and the potential for affiliated company transaction  
abuse.

**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  
2006 through December 2006?

**FIPUG:** No position at this time

**ISSUE 2:** What are the appropriate fuel adjustment true-up amounts for the period January 2007 through December 2007?

**FIPUG:** No position at this time

**ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2008 to December 2008?

**FIPUG:** 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 2008 through December 2008?

**FIPUG:** 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 factor for the period January 2008 through December 2008?

**ISSUE 6:** What are the appropriate levelized fuel cost recovery factors for the period January 2008 through December 2008?

**FIPUG:** 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?

**FIPUG:** 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?

**FIPUG:** Agree with utility calculations.

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

**FIPUG:** No position at this time

**ISSUE 10:** What are the appropriate actual benchmark levels for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FIPUG:** No position at this time

**ISSUE 11:** What are the appropriate estimated benchmark levels for calendar year 2008 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 12A:** Was PEF prudent in its coal procurement for CR4 and CR5 during the time period from 2006 through 2007?

**OPC's wording for ISSUE 12A:** Were the costs of the fuel that Progress Energy Florida incurred to operate Crystal River Units 4 and 5 during calendar year 2006 unreasonably high as a consequence of its failure to position itself to burn a blend of Powder River Basin subbituminous coal and bituminous coal in the units when the blend was more economical for customers? If so, by what amount should the true-up for 2006 be adjusted to account for the unreasonable fuel costs?

**FIPUG:** Agree with OPC

**ISSUE 12B:** Has PEF adequately mitigated the price risk for natural gas, residual oil, and purchased power for the years 2006 through 2008?

**FIPUG:** No position at this time.

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

**ISSUE 13A:** With respect to the outage extension at Turkey Point Unit 3 which was caused by a drilled hole in the pressurized piping, should customers or FPL be responsible for the additional fuel cost incurred as a result of the extension?

**FIPUG:** FPL.

**ISSUE 13B:** Has FPL adequately mitigated the price risk for natural gas, residual oil, and purchased power for the years 2006 through 2008?

**FIPUG:** No position at this time.

**Florida Public Utilities Company**

**ISSUE 14A:** Are FPUC's proposed inverted fuel factors for the residential class appropriate?

**FIPUG:** No position at this time.

**Gulf Power Company**

**ISSUE 15A:** Has Gulf adequately mitigated the price risk for natural gas and purchased power for 2006 through 2008?

**FIPUG:** No position at this time.

**Tampa Electric Company**

**ISSUE 16A:** Has TECO adequately mitigated the price risk for natural gas and purchased power for 2006 through 2008?

**FIPUG:** No position at this time.

**ISSUE 16B:** What is the appropriate actual benchmark level for TECO for calendar year 2006 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**FIPUG:** No position at this time

**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 2006 through December 2006 for each investor-owned electric utility subject to the GPIF?

**FIPUG:** No position at this time.

**ISSUE 18:** What should the GPIF targets/ranges be for the period January 2008 through December 2008 for each investor-owned electric utility subject to the GPIF?

**FIPUG:** No position at this time.

**COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

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

### **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 20A, 20B, 20C, 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 21A, 21B, 21C, and so forth, as appropriate.

### **Tampa Electric Company**

No company-specific issues for Gulf Power 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 capacity cost recovery true-up amounts for the period January 2006 through December 2006?

**FIPUG:** No position at this time.

**ISSUE 24:** What are the appropriate capacity cost recovery true-up amounts for the period January 2007 through December 2007?

**FIPUG:** No position at this time.

**ISSUE 25:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2008 through December 2008?

**FIPUG:** No position at this time.

**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 2008 through December 2008?

**FIPUG:** No position at this time.

**ISSUE 27:** What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2008 through December 2008?

**FIPUG:** No position at this time.

**ISSUE 28:** What are the appropriate capacity cost recovery factors for the period January 2008 through December 2008?

**FIPUG:** No position at this time.

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

### **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 29A, 29B, 29C, and so forth, as appropriate.

### **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 30A, 30B, 30C, 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**

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

**FIPUG:** Yes with prudent case by case evaluation of current circumstances.

### **F. STIPULATED ISSUES:**

None.

### **G. PENDING MOTIONS OR OTHER MATTERS:**

None.

### **H. PENDING CLAIMS OF CONFIDENTIALITY:**

None.

**I. OBJECTIONS TO WITNESS' QUALIFICATIONS AS AN EXPERT**

None.

**J. COMPLIANCE WITH PROCEDURAL ORDERS:**

FIPUG has not at this time identified any portion of the procedural orders that it cannot obey.

**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 e-mail and U.S. Mail this 6th day of October 2006, to the following:

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