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October 8, 2007

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Ms. Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance
Incentive Factor; FPSC Docket No. 070001-EI

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa
Electric Company's Prehearing Statement.

Also enclosed is a CD containing the above-referenced Prehearing Statement generated
on a Windows 98 operating system and using Word 2000 as the word processing software.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this
letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

CMP _____

COM _____

CTR _____

ECR _____

GCL _____

OPC _____

RCA _____

SCR _____

SGA _____

SEC _____

OTH _____

JDB/pp
1 Enclosure

ec: All Parties of Record (w/enc.)

DOCUMENT NUMBER-DATE

09204 OCT-85

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased)
Power Cost Recovery Clause)
And Generating Performance)
Incentive Factor.)
_____)

DOCKET NO. 070001-EI
FILED: October 8, 2007

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
On behalf of Tampa Electric Company

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
1. Carlos Aldazabal (TECO)	Fuel Adjustment True-up and Projections	1, 2, 3, 4, 5, 6, 7, 8, 9
	Capacity Cost Recovery True-up and Projections	23, 24, 25, 26, 27, 28
	Proposed Wholesale Incentive Benchmark	10, 11, 16B
	Continuance of Prudence Review Policies	33
2. David R. Knapp (TECO)	GPIF Reward/Penalty and Targets/Ranges	17, 18
3. Benjamin F. Smith (TECO)	Mitigation of Price Risk for Purchased Power	16A

DOCUMENT NUMBER-DATE

09204 OCT-85

FPSC-COMMISSION CLERK

4. Joann T. Wehle
(TECO)

Mitigation of Price Risk for
Natural Gas

16A

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (CA-1)	Aldazabal	Fuel Cost Recovery January 2006 - December 2006
<u> </u> (CA-1)	Aldazabal	Capacity Cost Recovery January 2006 – December 2006
<u> </u> (CA-2)	Aldazabal	Fuel Cost Recovery, Projected January 2007 – December 2007
<u> </u> (CA-2)	Aldazabal	Capacity Cost Recovery, Projected January 2007 – December 2007
<u> </u> (CA-3)	Aldazabal	Fuel Cost Recovery, Projected January 2008 – December 2008
<u> </u> (CA-3)	Aldazabal	Capacity Cost Recovery, Projected January 2008 – December 2008
<u> </u> (CA-3)	Aldazabal	2008 Incremental Security Costs
<u> </u> (DRK-1)	Knapp	Generating Performance Incentive Factor Results January 2006 – December 2006
<u> </u> (DRK-2)	Knapp	Generating Performance Incentive Factor Estimated January 2008 – December 2008
<u> </u> (JTW-1)	Wehle	Calculation of 2006 Incremental Hedging Operations and Maintenance Costs
<u> </u> (JTW-2)	Wehle	2006 Waterborne Transportation Cost Adjustment

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery and GPIF true-up and projection calculations, including the proposed fuel adjustment factor of 5.219 cents per KWH before application of factors which adjust for variations in line losses; the proposed capacity cost recovery factor of 0.428 cents per KWH before applying the 12CP and 1/13th allocation methodology; a GPIF reward of \$1,439,819 and approval of the company's proposed GPIF targets and ranges for the forthcoming period based on the new methodology agreed to by staff and intervenors in 2006. Tampa Electric also requests approval of its calculated wholesale incentive benchmark of \$1,181,573 for calendar year 2008.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Fuel Adjustment Issues

Issue 1: What are the appropriate final fuel adjustment true-up amounts for the period January 2006 through December 2006?

TECO: \$2,349,844 under-recovery. (Witness: Aldazabal)

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

TECO: \$17,742,556 over-recovery. (Witness: Aldazabal)

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

TECO: \$15,392,712 over-recovery. (Witness: Aldazabal)

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?

TECO: The appropriate revenue tax factor is 1.00072. (Witness: Aldazabal)

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 2008 through December 2008?

TECO: The projected net fuel and purchased power cost recovery amount to be included in the recovery factor for the period January 2008 through December 2008, adjusted by the jurisdictional separation factor, is \$1,075,052,911. The total recoverable fuel and purchased power cost recovery amount to be collected, including the true-up and GPIF and adjusted for the revenue tax factor, is \$1,061,862,973. (Witness: Aldazabal)

Issue 6: What are the appropriate levelized fuel cost recovery factors for the period January 2008 to December 2008?

TECO: The appropriate factor is 5.219 cents per kWh before the normal application of factors that adjust for variations in line losses. (Witness: Aldazabal)

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?

TECO: The appropriate fuel recovery line loss multipliers are as follows:

<u>Rate Schedule</u>	<u>Fuel Recovery Loss Multiplier</u>
RS, GS and TS	1.0042
RST and GST	1.0042

SL-2, OL-1 and OL-3	N/A
GSD, GSLD, and SBF	1.0004
GSDT, GSLDT, EV-X and SBFT	1.0004
IS-1, IS-3, SBI-1, SBI-3	0.9742
IST-1, IST-3, SBIT-1, SBIT-3	0.9742

(Witness: Aldazabal)

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

TECO: The appropriate factors are as follows:

<u>Rate Schedule</u>	<u>Fuel Charge Factor (cents per kWh)</u>
Average Factor	5.291
RS, GS and TS	5.241
RST and GST	6.344 (on-peak) 4.668 (off-peak)
SL-2, OL-1 and OL-3	4.920
GSD, GSLD, and SBF	5.221
GSDT, GSLDT, EV-X and SBFT	6.320 (on-peak) 4.650 (off-peak)
IS-1, IS-3, SBI-1, SBI-3	5.084
IST-1, IST-3, SBIT-1, SBIT-3	6.154 (on-peak) 4.528 (off-peak)

(Witness: Aldazabal)

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

TECO: The new factors should be effective beginning with the specified billing cycle and thereafter for the period January 2008 through the last billing cycle for December 2008. The first billing cycle may start before January 1, 2008, and the last billing cycle may end after December 31, 2008, so long as each customer is billed for 12 months regardless of when the factors became effective. (Witness: Aldazabal)

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?

TECO: \$895,111. (Witness: Aldazabal)

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?

TECO: \$1,181,573. (Witness: Aldazabal)

Company-Specific Fuel Adjustment Issues

Tampa Electric Company

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

TECO: Yes. Physical hedges have been used to mitigate price risk of natural gas and purchased power between 2006 and 2008. Financial hedges were used to help reduce price volatility of natural gas. (Witness: Wehle/Smith)

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?

TECO: \$1,051,869. (Witness: Aldazabal)

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?

TECO: A reward in the amount of \$1,439,819. (Witness: Knapp)

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?

TECO: The appropriate targets and ranges are shown in Exhibit No. 1 of Mr. David R. Knapp's testimony. Targets and ranges should be set according to the prescribed GPIF methodology established in 1981 by Commission Order No. 9558 in Docket No. 800400-CI and later modified in 2006 after meeting with Staff and intervening parties at the request of the Commission. (Witness: Knapp)

Generic Capacity Cost Recovery Factor Issues

Issue 23: What are the appropriate final capacity cost recovery true-up amounts for the period January 2006 through December 2006?

TECO: \$2,666,246 under-recovery. (Witness: Aldazabal)

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

TECO: \$21,130,338 under-recovery. (Witness: Aldazabal)

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?

TECO: \$23,796,584 under-recovery. (Witness: Aldazabal)

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?

TECO: The purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2008 through December 2008, adjusted by the jurisdictional separation factor, is \$63,135,300. The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$86,994,475. (Witness: Aldazabal)

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?

TECO: The appropriate jurisdictional separation factor is 0.9666743. (Witness: Aldazabal)

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

TECO: The appropriate factors are as follows:

<u>Rate Schedule</u>	<u>Capacity Cost Recovery Factor (cents per kWh)</u>
Average Factor	0.428
RS	0.517
GS and TS	0.496
GSD, EV-X	0.415
GSLD and SBF	0.353
IS-1, IS-3, SBI-1, SBI-3	0.032

SL-2, OL-1 and OL-3

0.063

(Witness: Aldazabal)

Issue 33: Should the Commission continue its fuel cost recovery and prudence review policies, as established by Order No. 12645, issued November 3, 1983, in Docket No. 830001-EU, In re: Investigation of Fuel Adjustment Clauses of Electric Utilities?

TECO: Issue should be deferred or discussed in a workshop.

(Witness: Aldazabal)

F. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

<u>TECO</u> :	<u>Document No.</u>	<u>Date</u>	<u>Description</u>
	01374-07	2/9/07	Request for Confidential Classification of Audit Workpapers Supplementing 4/26/06 filing
	02850-07	4/2/07	Request for Confidential Classification of Page 6 of Joann Wehle Direct Testimony
	02853-07	4/2/07	Request for Confidential Classification of Pages 3 and 5 of Risk Management Report
	03619-07	4/30/07	Motion for Temporary Protective Order Relative to Providing Confidential Information to OPC

03939-07	5/10/07	Motion for Temporary Protective Order (information provided to OPC pursuant to 1 st Request for PODs (No. 1)
05555-07	7/2/07	Request for Confidential Classification and Motion for Temporary Protective Order (portions of answers to Staff's 1 st Set of Interrogatories Nos. 1 and 5)
05557-07	7/2/07	Request for Confidential Classification and Motion for Temporary Protective Order (portions of answers to Staff's 1 st PODs Nos. 2 and 4)
06456-07	7/27/07	Request for Confidential Classification [of draft request for proposals (RFP)] DN 05684-07
06751-07	8/6/07	Request for Confidential Classification [of DN 06752-07] Schedule E12 (Bates stamp pg 29) for 1/07 through 12/07
07182-07	8/15/07	Request for Confidential Classification re: modified language in draft RFP submitted 7/6/07 at pages 12-13
07989-07	9/4/07	Request for Confidential Classification of certain information contained in Carlos Aldazabal's Ex. CA-3, No. 2, Schedule E12
07992-07	9/4/07	Request for Confidential Classification of Portions of pgs. 7 and 15 of Prepared Direct Testimony of Joanne T. Wehle and Portions of No. 1, pg. 1 of 1, of Exh JTW-2 (Bates stamp pg. 18)
07995-07	9/4/07	Request for Confidential Classification of Pages 4, 8 and 9 of Risk Management Plan

I. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT

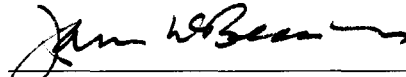
TECO: None at this time.

J. OTHER MATTERS

TECO: None at this time.

DATED this 8th day of October 2007.

Respectfully submitted,



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JAMES D. BEASLEY

Ausley & McMullen

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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Tampa Electric Company's Prehearing Statement has been furnished by U. S. Mail or hand delivery (*) on this 8th day of October, 2007 to the following:

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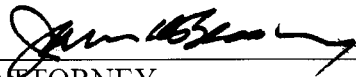
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