

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause and generating performance incentive factor.

DOCKET NO. 980001-EI

FILED: FEBRUARY 6, 1998

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-98-0046-PCO-EI, issued January 6, 1998, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

None.

b. All Known Exhibits

None.

c. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d. Staff's Position on the Issues

ACK _____ GENERIC FUEL ADJUSTMENT ISSUES

AFA _____

APP _____ ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period April, 1997 through September, 1997?

CAF _____

CMU _____

CTR _____ STAFF: FPC: No position pending resolution of company-specific issues

EAG _____

LEG _____

LIN 3 _____

OPC _____

PCH _____

SEC 1 _____

WAS _____

OTH _____

FPL: \$64,381,785 underrecovery
FPUC Marianna: \$78,655 overrecovery
Fernandina Beach: \$106,547 overrecovery
GULF: \$2,886,443 overrecovery
TECO: No position pending resolution of company-specific issues

DOCUMENT FORWARDED DATE

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FPSC RECORDS/REGISTRATION

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period October, 1997 through March, 1998?

STAFF:

FPC:	No position pending resolution of company-specific issues
FPL:	\$71,127,379 underrecovery
FPUC	Marianna: \$52,624 overrecovery Fernandina Beach: \$162,900 overrecovery
GULF:	\$1,127,041 underrecovery
TECO:	No position pending resolution of company-specific issues

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected/ refunded during the period April, 1998 through September, 1998?

STAFF:

FPC:	No position pending resolution of company-specific issues
FPL:	\$135,509,164 underrecovery
FPUC	Marianna: \$131,279 overrecovery Fernandina Beach: \$269,447 overrecovery
GULF:	\$1,759,402 overrecovery
TECO:	No position pending resolution of company-specific issues

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1998 through September, 1998?

STAFF:

FPC:	No position pending resolution of company-specific issues
FPL:	2.112 cents per kwh.
FPUC	Marianna: 2.365 cents per kwh. Fernandina Beach: 2.326 cents per kwh.
GULF:	1.626 cents per kwh.
TECO:	No position pending resolution of company-specific issues

ISSUE 5: What should be the effective date of the new fuel adjustment charge and capacity cost recovery charge for billing purposes?

STAFF: The new factors should be effective beginning with the first billing cycle for April, 1998, and thereafter through the last billing cycle for September, 1998. The

first billing cycle may start before April 1, 1998, and the last billing cycle may end after September, 1998, so long as each customer is billed for six months regardless of when the factors became effective.

ISSUE 6: 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?

STAFF:

FPC:	<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
	A.	Transmission	0.9800
	B.	Distribution Primary	0.9900
	C.	Distribution Secondary	1.0000
	D.	Lighting Service	1.0000

FPL:

<u>GROUP</u>	<u>RATE SCHEDULE</u>	<u>LINE LOSS MULTIPLIER</u>
A	RS-1, GS-1, SL-2, RST-1, GST-1	1.00213
A-1*	SL-1, OL-1	1.00213
B	GSD-1, GSDT-1, CICL-1(G)	1.00212
C	GSLD-1, CS-1, GSLDT-1, CST-1	1.00179
D	GSLD-2, CS-2, OS-2, MET, GSLDT-2, CST-2	0.99591
E	GSLD-3, CS-3, GSLDT-2, CST-3, CICL-1(T) & ISST-1(T)	0.95658
F	CICL-1(D), ISST-1(D)	0.99785

* Weighted Average 16% on-peak and 84% off-peak.

FPUC: Marianna: Rate Schedule Multiplier
All Rate Schedules 1.0000

Fernandina Beach

All Rate Schedules 1.0000

GULF: See table below:

Group	Rate Schedules*	Line Loss Multipliers
A	RS, GS, GSD, GSDT, SBS, OSIII, OSIV	1.01228
B	LP, LPT, SBS	0.98106
C	PX, PXT, SBS, RTP	0.96230
D	OSI, OSII	1.01228

*The multiplier applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO: Group Multiplier
Group A 1.0072
Group A1 n/a*
Group B 1.0013
Group C 0.9687

*Group A1 is based on Group A, 15% of On-Peak and 85% of Off-Peak.

ISSUE 7: What are the appropriate Fuel Cost Recovery Factors for each rate class/delivery voltage level class adjusted for line losses?

STAFF:

FPC: No position pending resolution of company-specific issues.

FPL:

GROUP	RATE SCHEDULE	AVERAGE FUEL RECOVERY FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1,GS-1, SL-2	2.112	1.00213	2.116
A-1	SL-1,OL-1	2.076	1.00213	2.080
B	GSD-1	2.112	1.00212	2.116
C	GSLD-1 & CS-1	2.112	1.00179	2.116
D	GSLD-2,CS-2, OS-2 & MET	2.112	0.99591	2.103
E	GSLD-3 & CS-3	2.112	0.95658	2.020
A	RST-1,GST-1 ON-PEAK OFF-PEAK	2.250 2.043	1.00213 1.00213	2.254 2.048
B	GSDT-1 CILC-1(G) ON-PEAK OFF-PEAK	2.250 2.043	1.00212 1.00212	2.254 2.048
C	GSLDT-1 & CST-1 ON-PEAK OFF-PEAK	2.250 2.043	1.00179 1.00179	2.254 2.047
D	GSLDT-2 & CST-2 ON-PEAK OFF-PEAK	2.250 2.043	0.99591 0.99591	2.240 2.035

GROUP	RATE SCHEDULE	AVERAGE FUEL RECOVERY FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
E	GSLDT-3, CST-3			
	CILC-1(T) & ISST-1(T)			
	ON-PEAK	2.250	0.95658	2.152
	OFF-PEAK	2.043	0.95658	1.954
F	CILC-1(D) & ISST-1(D)			
	ON-PEAK	2.250	0.99785	2.245
	OFF-PEAK	2.043	0.99785	2.039

FPUC: Marianna

RS	4.232¢/kwh
GS	4.167¢/kwh
GSD	3.716¢/kwh
GSLD	3.587¢/kwh
OL, OL-2	2.815¢/kwh
SL-1, SL-2	2.814¢/kwh

Fernandina Beach

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	4.025¢/kwh
GS	3.863¢/kwh
GSD	3.565¢/kwh
OL	2.591¢/kwh
SL, CSL	2.591¢/kwh

GULF: See table below:

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, GSDT, SBS OSIII, OSIV	1.646	2.169	1.395
B	LP, LPT, SBS	1.595	2.102	1.352
C	PX, PXT, SBS, RTP	1.565	2.062	1.326
D	OSI, OSII	1.463	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO: No position pending resolution of company-specific issues.

ISSUE 8: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of April, 1998 through September, 1998?

STAFF: FPC: 1.00083
FPL: 1.01609
FPUC Marianna: 1.00083
Fernandina Beach: 1.01609
GULF: 1.01609
TECO: 1.00083

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power Corporation

ISSUE 9A: Should the Commission approve Florida Power Corporation's request to recover the cost of converting Suwannee Unit 3 to burn natural gas?

STAFF: No position pending further discovery.

ISSUE 9B: Has Florida Power Corporation properly calculated the replacement fuel costs associated with the Crystal River Unit 3 outage as directed by Order No. PSC-97-0840-S-EI?

STAFF: No position pending further discovery.

ISSUE 9C: Should Florida Power Corporation's request for approval of its contingent fuel cost factors providing for recovery of stipulated replacement fuel costs associated with the Crystal River Unit 3 outage be approved for the April-September, 1998 period?

STAFF: Yes. Refer to Issue 9F.

ISSUE 9D: Has Florida Power Corporation properly removed the costs associated with the Lake Cogen settlement which had been previously included in fuel underrecovery balances in Florida Power's monthly "A" Schedules?

STAFF: No position pending further discovery.

STAFF'S PREHEARING STATEMENT

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ISSUE 9E: Has Florida Power Corporation properly calculated the transmission revenue associated with economy, Schedule C, broker energy sales between itself and directly interconnected utilities as directed by Order No. PSC-98-0073-FOF-EI, in Docket No. 980001-EI, issued January 13, 1998?

STAFF: On January 28, 1998, Florida Power Corporation and Florida Power & Light Company separately filed with the Commission Motions for Reconsideration on Order No. PSC-98-0073-FOF-EI, issued January 13, 1998 in Docket No. 980001-EI. The Commission has not ruled on either motion. Since a Commission ruling on either motion may have a material effect upon the regulatory treatment of transmission revenue associated with economy, Schedule C, broker energy sales between two directly interconnected utilities, staff recommends that this issue be deferred until the next fuel and purchased power cost recovery hearing.

ISSUE 9F: Should the Commission approve Florida Power Corporation's levelized fuel cost recovery factor which is contingent upon Crystal River Unit 3 being fully operational by March 27, 1998, as defined in the stipulation approved by the Commission in Order No. PSC-97-0840-S-EI, in Docket No. 970261-EI, issued July 14, 1997?

STAFF: Yes. If the Crystal River Unit 3's operational status can not be confirmed by February 25, 1998, the Commission should conditionally approve Florida Power's contingent fuel cost factor identified in Issue 4. Under this conditional approval, the contingent fuel cost factor would become effective for the April-September, 1998 period only if Florida Power files a notice with the Commission by March 27, 1998 (the first day of the April cycle billings) which certifies that Crystal River Unit 3 has satisfied the operational requirements of the stipulation approved by the Commission in Order No. PSC-97-0840-S-EI, in Docket No. 970261-EI, issued July 14, 1997.

Florida Power & Light Company

ISSUE 10A: Has Florida Power & Light Company properly calculated the transmission revenue associated with economy, Schedule C, broker energy sales between itself and directly interconnected utilities as directed by Order No. PSC-98-0073-FOF-EI in Docket No. 980001-EI, issued January 13, 1998?

STAFF: On January 28, 1998, Florida Power Corporation and Florida Power & Light Company separately filed with the Commission Motions for Reconsideration on Order No. PSC-98-0073-FOF-EI, issued January 13, 1998 in Docket No. 980001-EI. The Commission has not ruled on either motion. Since a Commission ruling on either motion may have a material effect upon the regulatory treatment of transmission revenue associated with economy, Schedule C, broker energy sales between two directly interconnected utilities, staff recommends that this issue be deferred until the next fuel and purchased power cost recovery hearing.

ISSUE 10B: Should Florida Power & Light's (FPL's) Fuel Cost Recovery period be changed to the twelve calendar months in a year beginning January, 1999?

STAFF: No. The Commission should establish a separate docket to consider FPL's request to change the frequency of the fuel and purchased power cost recovery hearings from semi-annual to annual.

ISSUE 10C: Is it appropriate to establish Florida Power & Light's proposed fuel cost recovery factors for the period April through December, 1998 to accomplish a transition to a recovery period of twelve calendar months?

STAFF: No. The Commission should determine the period to be used as well as the manner of implementation in a separate docket. Refer to Issue 22.

Florida Public Utilities Company

ISSUE 11A: What are the appropriate levelized fuel cost recovery factors, excluding demand cost recovery, for the period April, 1998, through September, 1998?

STAFF: Marianna: Refer to Issue 4
Fernandina Beach: Refer to Issue 4

Gulf Power Company

ISSUE 12A: Has Gulf Power Company properly calculated the transmission revenue associated with economy, Schedule C, broker energy sales between itself and directly interconnected utilities as directed by Order No. PSC-98-0073-FOF-EI in Docket No. 980001-EI, issued January 13, 1998?

STAFF: On January 28, 1998, Florida Power Corporation and Florida Power & Light Company separately filed with the Commission Motions for Reconsideration on Order No. PSC-98-0073-FOF-EI, issued January 13, 1998 in Docket No. 980001-EI. The Commission has not ruled on either motion. Since a Commission ruling on either motion may have a material effect upon the regulatory treatment of transmission revenue associated with economy, Schedule C, broker energy sales between two directly interconnected utilities, staff recommends that this issue be deferred until the next fuel and purchased power cost recovery hearing.

Tampa Electric Company

ISSUE 13A: Has Tampa Electric Company properly calculated the transmission revenue associated with economy, Schedule C, broker energy sales between itself and directly interconnected utilities as directed by Order No. PSC-98-0073-FOF-EI in Docket No. 980001-EI, issued January 13, 1998?

STAFF: On January 28, 1998, Florida Power Corporation and Florida Power & Light Company separately filed with the Commission Motions for Reconsideration on Order No. PSC-98-0073-FOF-EI, issued January 13, 1998 in Docket No. 980001-EI. The Commission has not ruled on either

motion. Since a Commission ruling on either motion may have a material effect upon the regulatory treatment of transmission revenue associated with economy, Schedule C, broker energy sales between two directly interconnected utilities, staff recommends that this issue be deferred until the next fuel and purchased power cost recovery hearing.

ISSUE 13B: How should Tampa Electric continue the temporary base rate reduction pursuant to the stipulation approved by the Commission in Order No. PSC-96-1300-S-EI in Docket No. 960409-EI, issued October 24, 1996?

STAFF: Tampa Electric should reflect the \$25 million temporary base rate reduction as a line-item credit on customers' bills over a 15 month period which commenced October 1, 1997, with the reduction netted against 1999 refunds which may have otherwise been made pursuant to the stipulation reached in Docket No. 950379-EI and approved in Order No. PSC-96-1300-S-EI. The temporary base rate reduction is 0.130 cents/kwh on average and should be adjusted for each rate class according to the line loss factors calculated in Issue 6.

ISSUE 13C: Did Tampa Electric properly calculate the true-up adjustment of the refund credit factor as agreed to in the stipulation approved in Order No. PSC-96-0670-S-EI, in Docket No. 950379-EI, issued May 20, 1996?

STAFF: No position pending further discovery.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 14: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1997 through September, 1997?

STAFF: No position at this time.

ISSUE 15: What should the GPIF targets/ranges be for the period April, 1998 through September, 1998?

STAFF: No position at this time.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 16: What is the appropriate final capacity cost recovery true-up amount for the period April, 1997 through September, 1997?

STAFF: FPC: over-recovery \$1,768,376
TECO: under-recovery \$642,312

ISSUE 17: What is the estimated capacity cost recovery true-up amount for the period October, 1997 through March, 1998?

STAFF: FPC: over-recovery \$2,238,788
TECO: over-recovery \$343,530

ISSUE 18: What is the total capacity cost recovery true-up amount to be collected during the period April, 1998 through September, 1998?

STAFF: FPC: over-recovery \$4,007,164
TECO: under-recovery \$298,782

ISSUE 19: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period April, 1998 through September, 1998?

STAFF: FPC: \$141,034,827
TECO: \$12,431,829

ISSUE 20: What are the projected capacity cost recovery factors for the period April, 1998 through September, 1998?

STAFF:

FPC:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RESIDENTIAL	1.004
GENERAL SERVICE NON-DEMAND	.795
@PRIMARY VOLTAGE	.787
@TRANSMISSION VOLTAGE	.779
GENERAL SERVICE 100% LOAD FACTOR	.548
GENERAL SERVICE DEMAND	.662
@PRIMARY VOLTAGE	.655
@TRANSMISSION VOLTAGE	.648
CURTAILABLE	.555
@PRIMARY VOLTAGE	.549
@TRANSMISSION VOLTAGE	.544
INTERRUPTIBLE	.519
@PRIMARY VOLTAGE	.514
@TRANSMISSION VOLTAGE	.509
LIGHTING	.192

TECO:

	CAPACITY RECOVERY FACTOR (CENTS/KWH)
RS, RST	.188
GS, GST, TS	.181
GSD, GSDT, EV-X	.139
GSLD, GSLDT, SBF, SBFT	.123
IS-1&3, IST-1&3, SBI-1&3, SBIT-1&3	.011
SL/OL	.022

COMPANY-SPECIFIC CAPACITY COST RECOVERY ISSUES

Florida Power & Light Company

ISSUE 21A: Should FPL's original projections for capacity payments to Osceola and Okeelanta Qualifying Facilities for the period June, 1997, through September, 1998, be excluded?

STAFF: No position pending further discovery.

ISSUE 21B: Should Florida Power & Light's request for a midcourse correction to its currently authorized Capacity Cost Recovery factors be approved?

STAFF: No position pending further discovery.

ISSUE 21C: What are the appropriate Capacity Cost Recovery Factors for each rate group?

STAFF: No position pending further discovery.

ISSUE 21D: Should Florida Power & Light's Capacity Cost Recovery period be changed to the twelve calendar months in a year beginning January, 1999?

STAFF: No.

ISSUE 21E: Is it appropriate to establish Florida Power & Light's proposed Capacity Cost Recovery Factors for the period April through December, 1998 to accomplish a transition to a recovery period of twelve calendar months?

STAFF: No.

OTHER ISSUES

ISSUE 22: Should the Commission approve a change in the frequency of the fuel and purchased power cost recovery hearings from semi-annual hearings to annual hearings? If a change is approved, what 12 month period (fiscal or calendar) should be used and how should the change be implemented?

STAFF: The Commission should establish a separate docket to consider a change in the frequency of the fuel and purchased power cost recovery hearings from semi-annual to annual, as well as the period to be used and the manner of implementation, for all parties in the docket.


e. Pending Motions

None.

f. Compliance with Order No. PSC-98-0046-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 6th day of February, 1998.


LESLIE J. PAUGH
Staff Counsel

FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Gerald L. Gunter Building - Room 370
Tallahassee, Florida 32399-0863
(850)413-6199

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power
cost recovery clause and
generating performance incentive
factor.

DOCKET NO. 980001-EI

FILED: FEBRUARY 6, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Staff's Final List of Issues has been furnished by U.S. Mail this 6th day of February, 1998, to the following:

Florida Power Corporation
James McGee
P.O. Box 14042
St. Petersburg, FL 33733

Office of Public Counsel
John Roger Howe
111 West Madison Street
Room 812
Tallahassee, FL 32399

Beggs & Lane
Jeffery Stone
P.O. Box 12950
Pensacola, FL 32576

Suzanne Brownless
1311-B Paul Russell Road, #201
Tallahassee, FL 32301

Florida Public Utilities Co.
Frank Cressman
P.O. Box 3395
W. Palm Beach, FL 33402

Destec Energy, Inc.
Barry Huddleston
2500 CityWest Blvd.
Houston, TX 77210

Gulf Power Company
Susan Cranmer
One Energy Place
Pensacola, FL 32520

FL Industrial Power Users Group
McWhirter Reeves McGlothlin
Vicki Gordon Kaufman
117 South Gadsden Street
Tallahassee, FL 32301

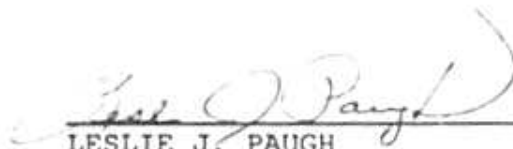
Rutlege Law Firm
Ken Hoffman
P.O. Box 551
Tallahassee, FL 32302

Steel Hector & Davis
Matthew Childs
215 South Monroe Street
Suite 601
Tallahassee, FL 32301

Certificate of Service
Docket No. 980001-EI

Tampa Electric Company
Angela Llewellyn
Regulatory & Business
Strategy
P.O. Box 111
Tampa, FL 33601

Ausley & McMullen
James Beasley
Post Office Box 391 Tallahassee,
FL 32302



LESLIE J. PAUGH
Staff Counsel

Florida Public Service Commission
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6199