

STEEL  
HECTOR  
& DAVIS

REGISTERED PROFESSIONAL ENGINEERS

ORIGINAL

Steel Hector & Davis, P.A.  
215 South Monroe, Suite 601  
Tallahassee, Florida 32301-1804  
850 222 2300  
850 222 8410 Fax  
www.steelhector.com

Matthew M. Childs, P.A.

November 4, 1998

Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, FL 32399-0850

RE: DOCKET NO. 980001-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and ten (10) copies of Florida Power & Light Company's Prehearing Statement in the above referenced docket.

Also enclosed is a formatted double sided high density 3.5 inch diskette containing the Prehearing Statement for Florida Power & Light Company.

Very truly yours,



Matthew M. Childs, P.A.

ACK Handwritten

APP \_\_\_\_\_

CAF \_\_\_\_\_

CMU \_\_\_\_\_ MMC/ml

CTR \_\_\_\_\_ Enclosures

EAG Handwritten cc: All Parties of Record

LEG \_\_\_\_\_

LIN 3

DPC \_\_\_\_\_

REC \_\_\_\_\_

SEC 1

WAS \_\_\_\_\_

DTH \_\_\_\_\_

Vertical stamp: NOV 4 1998 13:13

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|                                  |   |                         |
|----------------------------------|---|-------------------------|
| IN RE: Fuel and purchased power  | ) | DOCKET NO. 980001-EI    |
| cost recovery clauses and        | ) |                         |
| generating performance incentive | ) | FILED: NOVEMBER 4, 1998 |
| factor                           | ) |                         |
| <hr/>                            |   |                         |

**FLORIDA POWER & LIGHT COMPANY'S  
PREHEARING STATEMENT**

Pursuant to Order No. PSC-98-1184-PCO-EI, issued September 4, 1998, establishing the prehearing procedure in this docket, Florida Power & Light Company ("FPL") hereby submits its Prehearing Statement.

**A. APPEARANCES**

Matthew M. Childs, P.A.  
Steel Hector & Davis LLP  
215 South Monroe Street  
Suite 601  
Tallahassee, FL 32301

**B. WITNESSES**

| <u>WITNESS</u>                     | <u>SUBJECT MATTER</u>                                | <u>ISSUES</u>        |
|------------------------------------|--|----------------------|
| R. SILVA<br>R.L. WADE<br>K.M.DUBIN | Fuel Adjustment,<br>True-Up<br>and Projections       | 1-8                  |
| R. SILVA                           | GPIF Reward,<br>Targets/Ranges,<br>Heat Rate Results | 11A, 12A,<br>12B, 13 |
| K.M. DUBIN                         | Capacity Cost Recovery<br>True-Up<br>and Projections | 15, 16, 18<br>19, 20 |

**C. EXHIBITS**

| <b><u>EXHIBITS</u></b> | <b><u>WITNESS</u></b> | <b><u>DESCRIPTION</u></b>                            |
|------------------------|-----------------------|--|
| (RS-1)                 | R. SILVA              | Appendix I/Fuel Cost Recovery Forecast Assumptions   |
| (KMD-1)                | K.M. DUBIN            | Appendix II/Fuel Cost Recovery, True-Up Calculation  |
| (KMD-2)                | K.M. DUBIN            | Appendix II/Fuel Cost Recovery, E Schedules          |
| (KMD-3)                | K.M. DUBIN            | Appendix III/Capacity Cost Recovery                  |
| (RS-2)                 | R. SILVA              | GPIF, Performance Results Revised GPIF Sheets        |
| (RS-3)                 | R. SILVA              | GPIF, Performance Results Revised Testimony          |
| (RS-4)                 | R. SILVA              | GPIF, Performance Results Errata                     |
| (RS-5)                 | R. SILVA              | GPIF, Performance Results Calculation Comparison     |
| (RS-6)                 | R. SILVA              | GPIF, Targets and Ranges, October 1998-December 1998 |
| (RS-7)                 | R. SILVA              | GPIF, Targets and Ranges, January 1999-December 1999 |

**D. STATEMENT OF BASIC POSITION**

None necessary.

**E. STATEMENT OF ISSUES AND POSITIONS**

## FUEL ADJUSTMENT ISSUES

1. What are the appropriate final fuel adjustment true-up amounts for the period October, 1997 through March, 1998?

**FPL:** \$13,491,200 overrecovery. (DUBIN)

2. What are the estimated/actual fuel true-up amounts for the period April, 1998 through December, 1998?

**FPL:** \$129,170,389 underrecovery. (DUBIN)

3. What are the total fuel adjustment true-up amounts to be collected/refunded during the period January, 1999 through December, 1999?

**FPL:** \$115,679,187 underrecovery. (DUBIN)

4. What are the appropriate levelized fuel cost recovery factors for the period January, 1999 through December, 1999?

**FPL:** 1.976 cents/kwh is the levelized recovery charge to be collected during the period January, 1999 through December, 1999. (DUBIN)

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

**FPL:** The Company is requesting that the new Fuel Cost Recovery and Capacity Cost Recovery Factors should become effective with customer bills for January 1999 through December 1999. This will provide 12 months of billing on the Fuel Cost Recovery and Capacity Cost Recovery Factors for all customers. (DUBIN)

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?

**FPL:** The appropriate Fuel Cost Recovery Loss Multipliers are provided in response to Issue No. 7. (DUBIN)

7. What are the appropriate Fuel Cost Recovery Factors for each rate group adjusted for line losses?

FPL:

| GROUP | RATE SCHEDULE   | AVERAGE FACTOR | FUEL RECOVERY LOSS MULTIPLIER | FUEL RECOVERY FACTOR |
|-------|---|----------------|-------------------------------|----------------------|
| A     | RS-1,GS-1,SL-2  | 1.976          | 1.00205                       | 1.980                |
| A-1*  | SL-1,OL-1,PL-1  | 1.945          | 1.00205                       | 1.949                |
| B     | GSD-1   | 1.976          | 1.00204                       | 1.980                |
| C     | GSLD-1 & CS-1   | 1.976          | 1.00172                       | 1.980                |
| D     | GSLD-2,CS-2,<br>OS-2 & MET                                  | 1.976          | 0.99595                       | 1.968                |
| E     | GSLD-3 & CS-3   | 1.976          | 0.95798                       | 1.893                |
| A     | RST-1,GST-1<br>ON-PEAK<br>OFF-PEAK                          | 2.136<br>1.908 | 1.00205<br>1.00205            | 2.140<br>1.912       |
| B     | GSDD-1,CILC-1(G)<br>ON-PEAK<br>OFF-PEAK                     | 2.136<br>1.908 | 1.00204<br>1.00204            | 2.140<br>1.912       |
| C     | GSLDT-1 & CST-1<br>ON-PEAK<br>OFF-PEAK                      | 2.136<br>1.908 | 1.00172<br>1.00172            | 2.140<br>1.911       |
| D     | GSLDT-2 & CST-2<br>ON-PEAK<br>OFF-PEAK                      | 2.136<br>1.908 | 0.99595<br>0.99595            | 2.127<br>1.900       |
| E     | GSLDT-3,CST-3<br>CILC-1(T)&ISST-1(T)<br>ON-PEAK<br>OFF-PEAK | 2.136<br>1.908 | 0.95798<br>0.95798            | 2.046<br>1.828       |
| F     | CILC-1(D) & ISST-1(D)<br>ON-PEAK<br>OFF-PEAK                | 2.136<br>1.908 | 0.99793<br>0.99793            | 2.132<br>1.904       |

\*WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

(DUBIN)

8. What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of January, 1999 through December, 1999?

**FPL:** 1.01609 is the revenue tax factor to be applied for the projection period of January, 1999 through December, 1999. (DUBIN)

**GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES**

- 11A. What is the appropriate GPIF reward or penalty for performance achieved during the period of October, 1996 through September, 1997?

**FPL:** \$9,353,960 reward. (SILVA)

- 12A. What should the GPIF Target/Ranges be for the period of October, 1998 through December, 1998?

**FPL:**

| PLANT/UNIT        | EAF TARGET (%) | HEAT RATE HR. TARGET (BTU/Kwh) |
|-------------------|----------------|--------------------------------|
| CAPE CANAVERAL 2  | 93.6           | 9613                           |
| LAUDERDALE 4      | 96.0           | 7262                           |
| LAUDERDALE 5      | 63.7           | 7257                           |
| FORT MYERS 2      | 93.9           | 9156                           |
| MANATEE 2         | 88.8           | 10198                          |
| MARTIN 3          | 81.5           | 6999                           |
| MARTIN 4          | 96.0           | 6913                           |
| PORT EVERGLADES 3 | 96.0           | 9801                           |
| RIVIERA 3         | 94.4           | 9781                           |
| RIVIERA 4         | 93.6           | 9913                           |
| SANFORD 5         | 89.9           | 9955                           |
| TURKEY POINT 3    | 67.1           | 11030                          |
| TURKEY POINT 4    | 93.6           | 11138                          |
| ST. LUCIE 1       | 92.8           | 10871                          |
| ST. LUCIE 2       | 57.1           | 10876                          |
| SCHERER 4         | 94.6           | 10175                          |

**GPIF SYSTEM WEIGHTED AVERAGE NET OPERATING HR 9235**

(SILVA)

12B. What should the GPIF Target/Ranges be for the period of January, 1999 through December 1999?

| PLANT/UNIT        | EAF TARGET (%) | HEAT RATE HR. TARGET (BTU/Kwh) |
|-------------------|----------------|--------------------------------|
| CAPE CANAVERAL 2  | 93.6           | 9602                           |
| LAUDERDALE 4      | 93.2           | 7290                           |
| LAUDERDALE 5      | 93.2           | 7289                           |
| FORT MYERS 2      | 90.0           | 9188                           |
| MANATEE 2         | 88.8           | 10138                          |
| MARTIN 3          | 92.3           | 7016                           |
| MARTIN 4          | 93.6           | 6926                           |
| PORT EVERGLADES 3 | 80.4           | 9786                           |
| PORT EVERGLADES 4 | 96.0           | 9836                           |
| RIVIERA 3         | 94.4           | 9770                           |
| SANFORD 4         | 91.0           | 9737                           |
| SANFORD 5         | 89.9           | 9939                           |
| TURKEY POINT 3    | 93.6           | 11047                          |
| TURKEY POINT 4    | 84.3           | 11166                          |
| ST. LUCIE 1       | 83.6           | 10879                          |
| ST. LUCIE 2       | 93.6           | 10895                          |
| SCHERER 4         | 86.6           | 10120                          |

GPIF SYSTEM WEIGHTED AVERAGE NET OPERATING HR 9512

(SILVA)

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

13. What heat rate results for the Turkey Point Units 3 and 4 should be incorporated into the results for the period October 1996 through September 1997?

**FPL:** The heat rate results that should be incorporated into rewards/penalties during the period beginning October 1, 1996 and ending on September 30, 1997 are the actual adjusted net operating heat rates (ANOHR) calculated using the actual rated capacities of these units during this period (693 Megawatts each). These heat rate results are 11,021 BTU/KWH, and 11,095 BTU/KWH for Turkey Point Units 3 and 4, respectively. (SILVA)

## GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

15. What is the appropriate final capacity cost recovery true-up amount for Florida Power & Light Company for the period October, 1996 through September 1997?

**FPL:** \$17,922,987 overrecovery is the final capacity cost recovery true-up for the period October, 1996 through March 1997. The \$17,922,987 was included in the calculation of the \$10,479,736 approved in Order No. PSC-97-1045-FOF-EI, as a mid-course correction.

The final true-up for the period April 1997 through September 1997 is an overrecovery of \$42,415,473. This amount has been included in the \$63,445,498 mid-course correction approved in Order No. PSC 98-0412-FOF-EI which is currently being refunded to customers. (DUBIN)

16. What is the estimated capacity true-up amount for Florida Power & Light Company for the period October, 1997 through December, 1998?

**FPL:** \$77,177,787 overrecovery. The total overrecovery has been broken into two separate amounts, \$11,771,496 through March 1998 and \$65,406,291 through December 1998 because the period through March 1998 was reflected in a mid-course correction.

The final true-up for the period ending March 1998 is a \$21,096,113 overrecovery. An estimated/actual of \$9,324,613 has been included in the calculation of \$63,445,498 mid-course correction approved in Order No. PSC-98-0412-FOF-EI which is currently being refunded to customers. The final true-up of \$21,096,113 less the estimated/actual of \$9,324,613 results in an \$11,771,496 overrecovery to be carried forward to January 1999 through December 1999.

The estimated/actual capacity true-up amount for the period April, 1998 through December, 1998, which is based upon five months actual costs and four months revised estimates is a \$65,406,291 overrecovery. This amount plus the \$11,771,496 results in the \$77,177,787 to be carried forward to 1999. (DUBIN)



**GENERIC CAPACITY COST RECOVERY ISSUES**

18. What is the total capacity true-up amount to be collected/refunded during the period January, 1999 through December, 1999?

**FPL:** \$77,177,787 overrecovery. (DUBIN)

19. What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period January, 1999 through December, 1999?

**FPL:** \$390,683,195. (DUBIN)

20. What are the appropriate Capacity Cost Recovery Factors for the period January, 1999 through December, 1999 for each rate group?

**FPL:**

| RATE CLASS   | CAPACITY RECOVERY<br>FACTOR (\$/KW) | CAPACITY RECOVERY<br>FACTOR (\$/KWH) |
|--------------|-------------------------------------|--------------------------------------|
| RS1          | -                                   | 0.00514                              |
| GS1          | -                                   | 0.00467                              |
| GSD1         | 1.89                                | -                                    |
| OS2          | -                                   | 0.00332                              |
| GSLD1/CS1    | 1.86                                | -                                    |
| GSLD2/CS2    | 1.87                                | -                                    |
| GSLD3/CS3    | 1.80                                | -                                    |
| CILCD/CILCG  | 1.92                                | -                                    |
| CILCT        | 1.84                                | -                                    |
| MET          | 1.88                                | -                                    |
| OL1/SL1/PL-1 | -                                   | 0.00241                              |
| SL2          | -                                   | 0.00342                              |

| RATE CLASS | CAPACITY RECOVERY FACTOR<br>(RESERVATION DEMAND CHARGE)<br>(\$/KW) | CAPACITY RECOVERY<br>FACTOR (SUM OF<br>DAILY DEMAND<br>CHARGE) (\$/KW) |
|------------|--|--|
| ISST1D     | .24  | .12  |
| SST1T      | .23  | .11  |
| SST1D      | .24  | .11  |

(DUBIN)

F. STIPULATED ISSUES

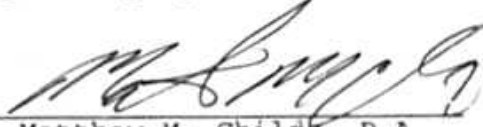
None at this time.

G. MOTIONS

FPL is aware of no outstanding motions at this time.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP  
 215 South Monroe Street  
 Suite 601  
 Tallahassee, FL 32301-1804  
 Attorneys for Florida Power  
 & Light Company

BY:   
 Matthew M. Childs, P.A.

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 980001-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Prehearing Statement have been furnished by Hand Delivery,\*\* or U.S. Mail this 4th day of November, 1998, to the following:

Leslie J. Paugh, Esq.\*\*  
Division of Legal Services  
FPSC  
2540 Shumard Oak Blvd. Rm.370  
Tallahassee, FL 32399-0850

Joseph A. McGlothlin, Esq.  
Vicki Gordon Kaufman, Esq.  
McWhirter, Reeves, McGlothlin,  
Davidson, Rief & Bakas, P.A.  
117 South Gadsden Street  
Tallahassee, FL 32301

G. Edison Holland, Esq.  
Jeffrey A. Stone, Esq.  
Beggs and Lane  
P. O. Box 12950  
Pensacola, FL 32576

Kenneth A. Hoffman, Esq.  
William B. Willingham, Esq.  
Rutledge, Ecenia, Underwood,  
Purnell & Hoffman, P.A.  
P.O. Box 551  
Tallahassee, FL 32302-0551

Suzanne Brownless, P.A.  
1311-B Paul Russell Road  
Suite 201  
Tallahassee, Florida 32301

Ms. Angela Llewellyn  
Regulatory Specialist  
Regulatory & Business  
Specialist  
Tampa Electric Co.  
Post Office Box 111  
Tampa, FL 33601

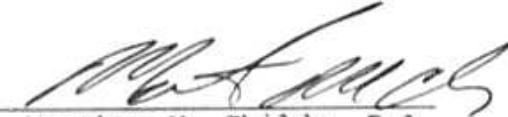
John Roger Howe, Esq.  
Office of Public Counsel  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399

Lee L. Willis, Esq.  
James D. Beasley, Esq.  
Ausley & McMullen  
227 S. Calhoun Street  
P. O. Box 391  
Tallahassee, FL 32302

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

John W. McWhirter, Jr., Esq.  
McWhirter, Reeves, McGlothlin,  
Davidson, Rief & Bakas, P.A.  
Post Office Box 3350  
Tampa, Florida 33601-3350

Mr. John T. English  
President & CEO  
Florida Public Utilities Co.  
P.O. Box 3395  
West Palm Beach, FL 33402

By:   
Matthew M. Childs, P.A.