

ORIGINAL
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power) DOCKET NO. 970001-EI
Cost Recovery Clause and)
Generating Performance Incentive) JANUARY 27, 1997
Factor.)
_____)

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-97-0043-PCO-EI, filed January 9, 1997, 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 takes no basic statement of position pending the evidence developed at hearing.

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

Generic Fuel Adjustment Issues

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period April, 1996 through September, 1996?

POSITION:

FPC: Staff takes no position at this time.

FPL: Staff takes no position at this time.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN 3
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

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366

FPSC-RECORDS/REPORTING

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

FPUC: Marianna:
Staff takes no position at this time.

Fernandina Beach:
Staff takes no position at this time.

GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period October, 1996 through March, 1997?

POSITION:

FPC: Staff takes no position at this time.

FPL: Staff takes no position at this time.

FPUC: Marianna:
Staff takes no position at this time.

Fernandina Beach:
Staff takes no position at this time.

GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period April, 1997 through September, 1997?

POSITION:

FPC: Staff takes no position at this time.

FPL: Staff takes no position at this time.

FPUC: Marianna:
Staff takes no position at this time.

Fernandina Beach:
Staff takes no position at this time.

GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1997 through September, 1997?

POSITION:

FPC: Staff takes no position at this time.

FPL: Staff takes no position at this time.

FPUC: Marianna:
Staff takes no position at this time.

Fernandina Beach:
Staff takes no position at this time.

GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

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

POSITION: Staff takes no position at this time.

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?

POSITION:

FPC: Staff takes no position at this time.

FPL: Staff takes no position at this time.

FPUC: Marianna:
Staff takes no position at this time.

Fernandina Beach:
Staff takes no position at this time.

GULF: Staff takes no position at this time.

TECO: Staff takes no position at this time.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

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

POSITION:

FPC: Staff takes no position at this time.
FPL: Staff takes no position at this time.
FPUC: Marianna:
Staff takes no position at this time.
Fernandina Beach:
Staff takes no position at this time.
GULF: Staff takes no position at this time.
TECO: Staff takes no position at this time.

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, 1997, through September, 1997?

POSITION:

FPC: Staff takes no position at this time.
FPL: Staff takes no position at this time.
FPUC: Marianna:
Staff takes no position at this time.
Fernandina Beach:
Staff takes no position at this time
GULF: Staff takes no position at this time.
TECO: Staff takes no position at this time.

ISSUE 9: What accounting procedures should be used by the investor-owned utilities to book adjustments due to differences between the "per books" inventory quantities and the semi-annual coal inventory survey quantities.

POSITION: The following accounting procedures should be used:

1. Surveys of the coal inventory shall be conducted semiannually.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

2. The coal inventory at each plant site shall be considered separately and adjusted according to the procedures in this bulletin.
3. All adjustments booked shall be made to both the quantity and dollars as recorded on the utility's books. These adjustments shall be booked to the inventory account prior to the calculation of the total available tons and dollars for that month.
4. If the difference between the book inventory quantity and the semiannual survey results is less than or equal to $\pm 3\%$ of the semiannual survey results (based on tons), no adjustment shall be made.
5. If the difference between the book inventory quantity and the semiannual survey results is greater than $\pm 3\%$ of the semiannual survey results (based on tons), an adjustment shall be made to the book inventory equal to the difference between $\pm 3\%$ of the semiannual survey results and the total difference.
6. The quantity to be adjusted shall be priced at the weighted average cost of the sum of the total available book inventory dollars (before consumption) divided by the sum of the total available book inventory quantity (before consumption) for the most recent six (6) month period preceding the month during which the survey is conducted.
7. The entire adjustment, both tons and dollars, shall be either debited or credited, whichever is appropriate, to the book inventory account for the month during which the survey is conducted. The offsetting entry shall be made to fuel expense for the same month.
8. Adjustment, greater than 2% ($\pm 5\%$ less $\pm 3\%$) of the semiannual survey results (based on tons), that may significantly affect either the utility or its customers if booked entirely in one month, may be amortized to fuel expense over an appropriate time period. The appropriate time period selected by

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

the utility shall be subject to the review and approval of the Commission.

9. The utility shall notify the Division of Electric and Gas and the appropriate District Field Office of the results of any semiannual surveys regardless of whether any adjustments are made. The notification shall be made by the 15th day of the month subsequent to the month during which the surveys are conducted and shall include, as a minimum, the "per books" quantities, the survey quantities, and the calculation of any adjustments on a per plant basis.

ISSUE 10: How should transmission costs be accounted for when determining the transaction price of an economy, Schedule C, broker transaction between two directly interconnected utilities?

POSITION: Staff recommends that this issue be deferred until the August 1997 hearing to allow parties an opportunity to file testimony regarding this issue.

ISSUE 11: If the cost of transmission is used to determine the transaction price of an economy, Schedule C, broker transaction between two directly interconnected utilities, how should the costs of this transmission be recovered?

POSITION: Staff recommends that this issue be deferred until the August 1997 hearing to allow parties an opportunity to file testimony regarding this issue.

ISSUE 12: How should transmission costs be accounted for when determining the transaction price of an economy, Schedule C, broker transaction that requires wheeling between two non-directly interconnected utilities?

POSITION: Staff recommends that this issue be deferred until the August 1997 hearing to allow parties an opportunity to file testimony regarding this issue.

ISSUE 13: If the cost of transmission is used to determine the transaction price of an economy, Schedule C, broker transaction that requires wheeling between two non-directly interconnected utilities, how should the costs of this transmission be recovered?

POSITION: Staff recommends that this issue be deferred until the August 1997 hearing to allow parties an opportunity to file testimony regarding this issue.

Company-Specific Fuel Adjustment Issues

Florida Power Corporation

ISSUE 14A: Should the Commission approve Florida Power Corporation's request to recover the cost of converting Debary Unit 7, Bartow Units 3 and 4, and Suwannee Unit 1 to burn natural gas?

POSITION: No position at this time.

ISSUE 14B: Should the costs associated with the settlement agreement between Florida Power Corporation and Lake Cogen, Ltd. be approved for recovery through the Fuel and Purchased Power Cost Recovery Clause for the period April, 1997 through September, 1997?

POSITION: No position at this time.

ISSUE 14C: Should the costs associated with the settlement agreement between Florida Power Corporation and Pasco Cogen, Ltd. be approved for recovery through the Fuel and Purchased Power Cost Recovery Clause for the period April, 1997 through September, 1997?

POSITION: No position at this time.

ISSUE 14D: Should Florida Power Corporation be permitted to recover the replacement fuel costs associated with the extended outage at its Crystal River No. 3 nuclear unit?

POSITION: No position at this time.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

ISSUE 14E: Should the Commission approve Florida Power Corporation's proposal to collect the March-ending true-up under-recovery over a 12-month period beginning in April 1997?

POSITION: No position at this time.

Florida Power and Light Company

ISSUE 15A: Should the Commission approve Florida Power and Light Company's request to recover depreciation expense and return on investment for rail cars purchased to deliver coal to Scherer Plant?

POSITION: No position at this time.

ISSUE 15B: Should the Commission approve Florida Power and Light Company's request to recover the costs of implementing certain equipment modifications and additions at some of its generating plants and fuel storage facilities to use "low gravity" fuel oil?

POSITION: No position at this time.

Tampa Electric Company

ISSUE 16: Has Tampa Electric Company appropriately calculated its proposed refund factors for refunding the \$25 million in excess earnings as required by Order No. PSC-96-0670-S-EI?

POSITION: No position at this time.

Generic Generating Performance Incentive Factor Issues

ISSUE 17: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1996 through September, 1996?

POSITION:

FPC: See Staff Attachment 1, page 1 of 2.

GULF: See Staff Attachment 1, page 1 of 2.

TECO: See Staff Attachment 1, page 1 of 2.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

ISSUE 18: What should the GPIF targets/ranges be for the period April, 1997 through September, 1997?

POSITION:

FPC: See Staff Attachment 1, page 2 of 2.

GULF: See Staff Attachment 1, page 2 of 2.

TECO: See Staff Attachment 1, page 2 of 2.

Generic Capacity Cost Recovery Issues

ISSUE 19: What is the appropriate final capacity cost recovery true-up amount for the period April, 1996 through September 1996?

POSITION:

FPC: No position at this time.

TECO: No position at this time.

ISSUE 20: What is the estimated capacity cost recovery true-up amount for the period October, 1996 through April, 1997?

POSITION:

FPC: No position at this time.

TECO: No position at this time.

ISSUE 21: What is the total capacity cost recovery true-up amount to be collected during the period April, 1997 through September, 1997?

POSITION:

FPC: No position at this time.

TECO: No position at this time.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

ISSUE 22: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period April, 1997 through September, 1997?

POSITION:

FPC: No position at this time.

FPL: No position at this time.

TECO: No position at this time.

ISSUE 23: What are the projected capacity cost recovery factors for the period April, 1997 through September 1997?

POSITION:

FPC: No position at this time.

TECO: No position at this time.

Company Specific Capacity Cost Recovery Issues

Florida Power Corporation

ISSUE 24A: Should the costs associated with the settlement agreement between Florida Power Corporation and Lake Cogen, Ltd. be approved for recovery through the Capacity Cost Recovery Clause for the period April, 1997 through September, 1997?

POSITION: No position at this time.

ISSUE 24B: Should the costs associated with the settlement agreement between Florida Power Corporation and Pasco Cogen, Ltd. be approved for recovery through the Capacity Cost Recovery Clause for the period April, 1997 through September, 1997?

POSITION: No position at this time.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

Florida Power & Light Company

ISSUE 25: Should the Commission approve Florida Power & Light Company's request for a mid-course correction to reduce its Capacity Cost Recovery Clause factors effective April, 1997?

POSITION: No position at this time.

Tampa Electric Company

ISSUE 26: How should the non-fuel revenues associated with Tampa Electric Company's wholesale sales to the Florida Municipal Power Agency and the City of Lakeland be treated for cost recovery purposes?

POSITION: No position at this time.

e. Pending Motions

None.

f. Compliance with Order No. PSC-97-0043-PCO-EI.

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

Respectfully submitted this 27th day of January, 1997.



VICKI D. JOHNSON
Staff Counsel

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STAFF'S PREHEARING STATEMENT
DOCKET NO. 970001-EI

Staff Attachment 1

Page 1 of 2

GPIF REWARDS/PENALTIES

April 1996 to September 1996

<u>Utility</u>	<u>Amount</u>	<u>Reward/Penalty</u>
Florida Power Corporation	\$ 431.674	Reward
Gulf Power Company	\$ 82.198	Reward
Tampa Electric Company	(\$ 298.369)	Penalty

<u>Utility/ Plant/Unit</u>	<u>EAF</u>	<u>Adjusted Actual</u>	<u>Heat Rate</u>	<u>Adjusted Actual</u>
<u>FPC</u>	<u>Target</u>		<u>Target</u>	
AncIote 1	96.1	94.9	9.665	9.617
AncIote 2	97.1	94.9	9.784	9.717
Crystal River 1	86.9	84.8	10.046	9.961
Crystal River 2	80.5	92.3	9.940	9.871
Crystal River 3	90.0	61.4	10.492	10.452
Crystal River 4	70.4	63.7	9.368	9.397
Crystal River 5	94.9	95.4	9.279	9.329

<u>Gulf</u>	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
Crist 6	82.2	89.9	10.597	10.219
Crist 7	71.6	76.4	10.500	10.166
Smith 1	87.3	91.0	10.219	10.271
Smith 2	91.7	97.0	10.422	10.448
Daniel 1	92.8	94.9	10.493	10.715
Daniel 2	96.7	92.4	10.280	10.751

<u>TECO</u>	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
Big Bend 1	86.7	84.8	10.077	10.104
Big Bend 2	85.9	87.2	10.020	10.144
Big Bend 3	87.1	84.2	9.746	9.883
Big Bend 4	89.7	92.7	10.149	10.107
Gannon 5	90.4	87.2	10.343	10.636
Gannon 6	64.8	67.3	10.443	11.025

STAFF'S PREHEARING STATEMENT
 DOCKET NO. 970001-EI

Staff Attachment 1

Page 2 of 2

GPIF TARGETS
 April 1997 to September 1997

<u>Utility/ Plant/Unit</u>	<u>EAF</u>			<u>Heat Rate</u>		
	<u>Company</u>	<u>POF</u>	<u>EUOE</u>	<u>Staff</u>	<u>Company</u>	<u>Staff</u>
	<u>EAF</u>					
<u>FPC</u>						
Anclote 1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Anclote 2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crystal River 1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crystal River 2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crystal River 3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crystal River 4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Crystal River 5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<u>Gulf</u>	<u>EAF</u>	<u>POF</u>	<u>EUOE</u>			Agree
Crist 6	84.4	8.7	6.9	Agree	10.833	Agree
Crist 7	80.0	8.7	11.3	Agree	10.499	Agree
Smith 1	96.2	0.0	3.8	Agree	10.244	Agree
Smith 2	82.6	10.4	7.0	Agree	10.406	Agree
Daniel 1	87.8	4.9	7.3	Agree	10.253	Agree
Daniel 2	91.9	4.9	3.2	Agree	10.062	
<u>TECO</u>	<u>EAF</u>	<u>POF</u>	<u>EUOE</u>			Agree
Big Bend 1	67.8	22.4	9.8	Agree	9.968	Agree
Big Bend 2	84.9	0.0	15.1	Agree	10.079	Agree
Big Bend 3	84.3	0.0	15.7	Agree	9.969	Agree
Big Bend 4	91.5	0.0	8.5	Agree	9.992	Agree
Gannon 5	90.0	0.0	10.0	Agree	10.448	Agree
Gannon 6	86.3	3.8	9.9	Agree	10.471	

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power) DOCKET NO. 970001-EI
Cost Recovery Clause and)
Generating Performance Incentive) FILED: JANUARY 27, 1997
Factor.)
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Staff's Prehearing Statement has been furnished by U.S. Mail to this 27th day of January, 1997, to the following:

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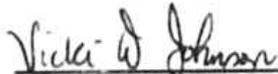
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DOCKET NO. 960001-EI
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