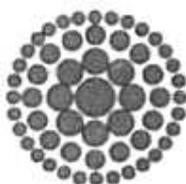


ORIGINAL



**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

February 5, 1998

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 980001-EI

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and ten copies of Prehearing Statement of Florida Power.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

ACK
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APP _____
CAF _____
CMU _____
CTR _____
EAG Handwritten JAM/kp
LEG 1 cc: Parties of record
LIN 3
OPC _____
RCH _____
SEC 1
WAS _____

Very truly yours,

James A. McGee

RECEIVED & FILED
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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER DATE
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FPSC - RECORDS & REPORTING

GENERAL OFFICE

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

Submitted for filing:
February 6, 1998

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Prehearing Statement of Florida
Power Corporation has been furnished to the following individuals by regular U.S.

Mail this 5th day of February, 1998:

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 980001-EI

Submitted for filing:
February 6, 1998

**PREHEARING STATEMENT OF
FLORIDA POWER CORPORATION**

Florida Power Corporation (FPC), pursuant to Rule 25-22.038, Florida Administrative Code, hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of April through September 1998 and states as follows:

A. APPEARANCES

JAMES A. MCGEE, Esquire, Post Office Box 14042, St. Petersburg, FL
33733-4042

On behalf of Florida Power Corporation

B. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
John Scardino, Jr.	Fuel Adjustment True-up	1, 9B, 9D, 15
Karl H. Wieland	Fuel Adjustment Projections	2-9E, 16-19
Dario B. Zuloaga	GPIF: Reward/Penalty and Targets/Ranges	13-14

DOCUMENT NUMBER DATE

01933 FEB-6 98

C. EXHIBITS

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(JS-1)</u>	Scardino	True-up Variance Analysis
<u>(JS-2)</u>	Scardino	Schedules A1 through A13
<u>(KHW-1)</u>	Wieland	Forecast Assumptions (Parts A-C), Capacity Cost Recovery Factors (Part D), Suwannee 3 Gas Conversion (Part E), Exclusion of CR3 Replacement Fuel and Lake Cogen Settlement Costs (Part F), and Calculation of Contingent Fuel Cost Factors for Recovery of Stipulated Replacement Fuel Costs (Part G)
<u>(KHW-2)</u>	Wieland	Schedules E1 through E10 and H1
<u>(DBZ-1)</u>	Zuloaga	Standard Form GPIF Schedules (Reward/Penalty)
<u>(DBZ-2)</u>	Zuloaga	Standard Form GPIF Schedules (Targets/Ranges)

D. STATEMENT OF BASIC POSITION

None necessary.

E. STATEMENT OF ISSUES AND POSITIONS

Generic Fuel Adjustment Issues

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

FPC: \$8,219,498 under-recovery. (Scardino)

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

FPC: \$10,226,809 over-recovery. (Wieland)

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

FPC: \$2,007,311 over-recovery. (Wieland)

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

FPC: 2.015 cents per kWh (adjusted for jurisdictional losses). 2.122 cents per kWh if CR3 returns to service before the April - September 1998 period. (Wieland)

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

FPC: 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 30, 1998, so long as each customer is billed for six months regardless of when the factors became effective.

6. ISSUE: What are the appropriate fuel recovery loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate/delivery voltage level group?

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

(Wieland)

7. **ISSUE:** What are the appropriate fuel cost recovery factors for each rate/delivery voltage level group, adjusted for line losses?

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Fuel Cost Factors (cents/kWh)</u>		
		<u>Standard</u>	<u>Time Of Use</u>	
			<u>On-Peak</u>	<u>Off-Peak</u>
A.	Transmission	1.987	2.554	1.665
B.	Distribution Primary	1.998	2.579	1.682
C.	Distribution Secondary	2.018	2.605	1.699
D.	Lighting Service	1.869		

(Wieland)

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

FPC: 1.00083 (Wieland)

Company-Specific Fuel Adjustment Issues

- 9A. **ISSUE:** Should the Commission approve FPC's request to recover the cost of converting Suwannee Unit 3 to burn natural gas?

FPC: Yes. FPC is requesting the same treatment for this unit as the Commission approved in prior hearings for numerous other combustion turbines on the FPC system. The cost of conversion (\$1.9 million) is not included in FPC's base rates and will enable FPC to achieve fuel savings in excess of \$3.2 million over the next five years. (Wieland)

- 9B. **ISSUE:** Has FPC properly calculated the replacement fuel costs associated with the Crystal River 3 outage as directed by Order No. PSC-97-0840-S-EI, issued July 14, 1997 in Docket No. 970261-EI?

FPC: Yes. CR3's replacement fuel costs have been properly excluded from the April - September 1997 true-up period in Mr. Scardino's testimony and from actual data for the months of October through December 1997 in the current period in Mr. Wieland's testimony. In addition, the replacement fuel costs stipulated for recovery have been included in FPC's contingent fuel cost factors for April - September 1998 (Wieland Exhibit, Part G) if CR3 returns to service before the period begins. (Scardino/Wieland)

- 9C. ISSUE: Should the Commission approve FPC's levelized fuel cost recovery factors which are 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?

FPC: Yes, the contingent fuel cost factors set forth in Part G of Mr. Wieland's exhibit should be approved if Crystal River Unit 3 is fully operational (as defined in the stipulation approved by the Commission in Docket No. 970261-EI) at the time of the hearing in this docket. If not, the contingent fuel cost factors should be approved conditionally, with their effectiveness contingent upon Florida Power filing a notice with the Commission by March 27, 1998 certifying that Crystal River Unit 3 has achieved operational status in accordance with the stipulation.

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

FPC: Yes. The costs associated with the Lake Cogen settlement have been properly excluded from the April - September 1997 true-up period in Mr. Scardino's testimony and from actual data for the months of October through December 1997 in the current period in Mr. Wieland's testimony. (Scardino/Wieland)

- 9E. ISSUE: Has FPC 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, issued January 13, 1998 in Docket No. 980001-EI?

FPC: Yes.

Generic Generating Performance Incentive Factor Issues

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

FPC: \$1,172,147 reward. (Zuloaga)

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

FPC: See Attachment A. (Zuloaga)

Generic Capacity Cost Recovery Issues

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

FPC: \$1,768,376 over-recovery. (Scardino)

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

FPC: \$2,238,788 over-recovery. (Wieland)

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

FPC: \$4,007,164 over-recovery. (Wieland)

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

FPC: \$141,034,828 (Wieland)

19. ISSUE: What are the projected capacity cost recovery factors for the period of April through September 1997?

<u>FPC</u> :	<u>Rate Class</u>	<u>CCR Factor</u>
	Residential	1.004 cents/kWh
	General Service Non-Demand	.795 cents/kWh
	@ Primary Voltage	.787 cents/kWh
	@ Transmission Voltage	.779 cents/kWh
	General Service 100% Load Factor	.548 cents/kWh
	General Service Demand	.662 cents/kWh
	@ Primary Voltage	.655 cents/kWh
	@ Transmission Voltage	.648 cents/kWh
	Curtable	.555 cents/kWh
	@ Primary Voltage	.549 cents/kWh
	@ Transmission Voltage	.544 cents/kWh

Interruptible	.519 cents/kWh
@ Primary Voltage	.514 cents/kWh
@ Transmission Voltage	.509 cents/kWh
Lighting	.192 cents/kWh (Wieland)

F. STIPULATED ISSUES

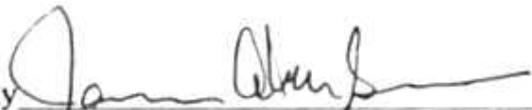
None at this time.

G. PENDING MOTIONS

None.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By 

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