

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power) DOCKET NO. 960001-EI
Cost Recovery Clause and) ORDER NO. PSC-96-0241-PHO-EI
Generating Performance Incentive) ISSUED: February 19, 1996
Factor.)
_____)

Pursuant to Notice, a Prehearing Conference was held on Monday, February 12, 1996, in Tallahassee, Florida, before Commissioner J. Terry Deason, as Prehearing Officer.

APPEARANCES:

JAMES A. MCGEE, Esquire, Post Office Box 14042, St. Petersburg, Florida 33733-4042
On behalf of Florida Power Corporation.

MATTHEW M. CHILDS, P.A., Steel Hector & Davis, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301
On behalf of Florida Power & Light Company.

NORMAN H. HORTON, JR., Esquire, Messer, Caparello, Madsen, Goldman & Metz, P.A., Post Office Box 1876, Tallahassee, Florida 32302-1876
On behalf of Florida Public Utilities Company.

JEFFREY A. STONE, Esquire, and RUSSELL A. BADDERS, Esquire, of Beggs & Lane, 700 Blount Building, 3 West Garden Street, P.O. Box 12950, Pensacola, Florida 32576-2950
On behalf of Gulf Power Company.

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

JOSEPH A. MCGLOTHLIN, Esquire, and VICKI GORDON KAUFMAN, Esquire, McWhirter, Reeves, McGlothlin, Davidson, Rief & Bakas, 117 South Gadsden Street, Tallahassee, Florida 32301
On behalf of the Florida Industrial Power Users Group.

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On behalf of the Citizens of the State of Florida

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

VICKI D. JOHNSON, Esquire, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850
On behalf of the Commission Staff.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing fuel and energy conservation cost, purchased gas cost, and environmental cost recovery proceedings, a hearing is set for February 21 - 22, 1996, in this docket and in Docket Nos. 960002-EG, 960003-GU and 960007-EI. The hearing will address the issues set out in the body of this prehearing order.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall

notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.

- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing

order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

A party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

III. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

IV. ORDER OF WITNESSES

Witnesses whose names are preceded by an asterisk (*) have been excused. The parties have stipulated that the testimony of those witnesses will be inserted into the record as though read, and cross-examination will be waived. The parties have also stipulated that all exhibits submitted with the witnesses' testimony shall be identified as shown in Section VII of this Prehearing Order and admitted into the record.

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Direct</u>		
*D. P. Develle	FPC	1 - 3
*K. H. Wieland	FPC	4, 8, 11
*L. G. Turner	FPC	13, 14
*R. Silva	FPL	1 - 8, 13, 14, 16
*C. Villard	FPL	1 - 8
*B. T. Birkett	FPL	1 - 8, 10, 17, 20 - 24
*G. Bachman	FPUC	1 - 7
*M. L. Gilchrist	GULF	1, 2, 4, 9, 12A, 12B
*M. W. Howell	GULF	1, 2, 4
*S. D. Cranmer	GULF	1 - 9
*G. D. Fontaine	GULF	13, 14
M. J. Pennino	TECO	1 - 9, 19B, 20 - 24
*G. A. Keselowsky	TECO	13, 14, 15A, 15B
*W. N. Cantrell	TECO	17, 18
E. A. Townes	TECO	17, 18, 19A

V. BASIC POSITIONS

FPC: None necessary.

FPL: None necessary.

FPUC: Florida Public Utilities has properly projected its costs and calculated its true-up amounts and purchased power cost recovery factors. Those factors should be approved by the Commission.

GULF: It is the basic position of Gulf Power Company that the proposed fuel factors present the best estimate of Gulf's fuel for the period April 1996 through September 1996 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

TECO: The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery, GPIF, and oil backout true-up calculations, including the proposed fuel adjustment factor of 2.390 cents per KWH before application of factors which adjust for variation in line losses; the proposed capacity cost recovery factor of .148 cents per KWH before applying the 12 CP and 1/13 allocation methodology; and a GPIF reward of \$376,230.

FIPUG: None at this time.

OPC: None necessary.

STAFF: 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.

VI. ISSUES AND POSITIONS

Generic Fuel Adjustment Issues

STIPULATED

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period April, 1995 through September, 1995?

POSITION:

FPC: \$ 617,421 overrecovery
FPL: \$33,181,566 underrecovery
FPUC: Marianna: \$131,269 overrecovery
Fernandina Beach: \$ 19,084 underrecovery
GULF: \$ 1,760,840 overrecovery
TECO: \$ 437,285 underrecovery

STIPULATED

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period October, 1995 through March, 1996?

POSITION:

FPC: \$ 6,533,077 underrecovery.
FPL: \$64,536,189 underrecovery. However, staff and FPL will review the effect of January's abnormally cold weather before the hearing to determine if revised projections are needed to avoid a midcourse-correction.
FPUC: Marianna: \$ 207 overrecovery.
Fernandina Beach: \$71,764 overrecovery.
GULF: \$496,180 underrecovery
TECO: \$1,037,187 overrecovery.

STIPULATED

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected during the period April, 1996 through September, 1996?

POSITION:

FPC: \$5,915,935 underrecovery.
FPL: \$97,684,026 underrecovery. However, staff and FPL will review the effect of January's abnormally cold weather before the hearing to determine if revised projections are needed to avoid a midcourse-correction. The total true-up amount includes a \$33,729 overrecovery Oil

Backout true-up amount as set forth in Order No. PSC-95-1089-FOF-EI.

FPUC:	Marianna:	\$131,476 overrecovery
	Fernandina Beach:	\$ 52,680 overrecovery
GULF:		\$1,264,660 overrecovery.
TECO:		\$599,902 overrecovery.

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period April, 1996 through September, 1996?

POSITIONS:

FPC: Agrees with Staff.

FPL: Agrees with Staff.

FPUC: Marianna: Agrees with Staff.
Fernandina Beach: Agrees with Staff.

GULF: Agrees with Staff.

TECO: 2.390 cents per KWH before application of the factors which adjust for variations in line losses. (Pennino)

STAFF: FPC: 1.887 cents per kWh (adjusted for jurisdictional losses).
FPL: 2.071 cents per kWh. However, staff and FPL will review the effect of January's abnormally cold weather before the hearing to determine if revised projections are needed to avoid a midcourse-correction. this time.
FPUC: Marianna: 2.898 cents per kWh.
Fernandina Beach: 3.295 cents per kWh.
GULF: 2.166 cents per KWH.
TECO: Staff takes no position pending resolution of company specific Oil Backout issues.

STIPULATED

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

POSITION: The factor should be effective beginning with the specified fuel cycle and thereafter for the period April, 1996 through September, 1996. Billing cycles may start before April 1, 1996, and the last cycle may be read after September 30, 1996, so that each customer is billed

for six months regardless of when the adjustment factor became effective.

STIPULATED

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:	<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: The appropriate Fuel Cost Recovery Loss Multipliers are provided in response to Issue No. 7.

FPUC: Marianna

<u>Rate Schedule</u>	<u>Multiplier</u>
RS	1.0126
GS	0.9963
GSD	0.9963
GSLD	0.9963
OL, OL-2	1.0126
SL-1, SL-2	0.9881

Fernandina Beach

All Rate Schedules	1.0000
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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:	<u>Group</u>	<u>Multiplier</u>
	Group A	1.0064
	Group A1	1.0064*
	Group B	1.0012
	Group C	0.9721

*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 group adjusted for line losses?

POSITIONS:

FPC: Agrees with Staff.

FPL: Agrees with Staff.

FPUC: Agrees with Staff.

GULF: Agrees with Staff.

<u>TECO:</u>	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.405	2.908	2.166
Group A1	2.277	-	-
Group B	2.393	2.893	2.155
Group C (Pennino)	2.323	2.809	2.092

STAFF:

<u>Group</u>	<u>Voltage Level</u>	<u>Time Of Use</u>		
		<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
FPC: Fuel Cost Factors (cents/kWh) Delivery				
A.	Transmission	1.853	2.426	1.544
B.	Distribution			
	Primary	1.872	2.450	1.559
C.	Distribution			
	Secondary	1.891	2.475	1.575
D.	Lighting Service	1.744		

<u>GROUP</u>	<u>RATE SCHEDULE</u>	<u>AVERAGE FUEL RECOVERY FACTOR</u>	<u>FUEL RECOVERY LOSS MULTIPLIER</u>	<u>FUEL RECOVERY FACTOR</u>
A	RS-1,GS-1, SL-2	2.071	1.00197	2.075
A-1	SL-1,OL-1	2.002	1.00197	2.006
B	GSD-1	2.071	1.00196	2.075
C	GSLD-1 & CS-1	2.071	1.00171	2.074
D	GSLD-2,CS-2, OS-2 & MET	2.071	0.99678	2.064

GROUP	RATE SCHEDULE	AVERAGE FUEL RECOVERY FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
E	GSLD-3 & CS-3	2.071	0.96190	1.992
A	RST-1, GST-1			
	ON-PEAK	2.322	1.00197	2.327
	OFF-PEAK	1.941	1.00197	1.945
B	GSDT-1 CILC-1 (G)			
	ON-PEAK	2.322	1.00196	2.327
	OFF-PEAK	1.941	1.00196	1.945
C	GSLDT-1 & CST-1			
	ON-PEAK	2.322	1.00171	2.326
	OFF-PEAK	1.941	1.00171	1.944
D	GSLDT-2 & CST-2			
	ON-PEAK	2.322	0.99678	2.315
	OFF-PEAK	1.941	0.99678	1.935
E	GSLDT-3, CST-3 CILC-1 (T) & ISST-1 (T)			
	ON-PEAK	2.322	0.96190	2.234
	OFF-PEAK	1.941	0.96190	1.867
F	CILC-1 (D) & ISST-1 (D)			
	ON-PEAK	2.322	0.99827	2.318
	OFF-PEAK	1.941	0.99827	1.938

FPUC: Marianna

RS	5.122¢/kwh
GS	4.774¢/kwh
GSD	4.280¢/kwh
GSLD	4.243¢/kwh
OL, OL-2	3.025¢/kwh
SL-1, SL-2	2.943¢/kwh

Fernandina Beach

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	4.737¢/kwh
GS	4.841¢/kwh
GSD	4.090¢/kwh
OL	3.833¢/kwh
SL, CSL	3.833¢/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	2.193	2.644	1.980
B	LP, LPT, SBS	2.125	2.563	1.919
C	PX, PXT, SBS, RTP	2.084	2.514	1.882
D	OSI, OSII	2.039	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: Staff takes no position pending resolution of company specific Oil Backout issues.

STIPULATED

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, 1996, through September, 1996?

POSITION:

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

STIPULATED

ISSUE 9: Should an electric utility be permitted to include, for retail fuel cost recovery purposes, fuel costs of generation at any of its units which exceed, on a cents-per-kilowatt-hour basis, the average fuel cost of total generation (wholesale plus retail) out of those same units?

POSITION: The parties have agreed to defer this issue until the August 1996 hearing in order to allow the opportunity for parties to file testimony.

Company-Specific Fuel Adjustment Issues

Florida Power and Light Company

STIPULATED

ISSUE 10: Should Florida Power and Light recover replacement energy costs incurred as a result of outages at Plant St. Lucie and Plant Turkey Point during the period September 1994 through September 1995?

POSITION: This issue should be deferred until the August 1996, fuel hearing to allow time for additional discovery. FPL has identified over \$20 million associated with replacement energy costs in response to Staff's Interrogatory No. 21. The Commission should retain jurisdiction over these dollars pending review of prudence.

Florida Power Corporation

STIPULATED

ISSUE 11: Should the Commission approve FPC's request to recover the cost of converting its Intercession City combustion turbine units P8 and P10 to burn natural gas?

POSITION: Yes. FPC's conversion of the Intercession City units P8 and P10 to burn natural gas is estimated to save FPC's ratepayers more than \$16 million over the next 5 years at a cost of approximately \$2.6 million. Order No. 14546, issued July 8, 1985 allows a utility to recover fossil-fuel related costs which result in fuel savings when those costs were not previously addressed in determining base rates. FPC should be allowed to recover the projected cost of conversion through its fuel clause beginning July 1, 1996 to be depreciated over the next five years using straight line depreciation. FPC should also be allowed to recover a return on average investment at the rate authorized in Docket 910890-EI, 8.37%, as well as applicable taxes. Staff will request an audit of actual costs once the conversion is complete to true-up original projections and to verify the prudence of the individual cost components included for recovery.

Gulf Power Company

STIPULATED

ISSUE 12A: Should Gulf Power Company recover costs associated with the partial buyout of its fuel supply contract for deliveries of Venezuelan/Illinois coal with Peabody Coal Company?

POSITION: Yes. Gulf Power's buyout of the Peabody Coal contract is expected to save its ratepayers approximately \$9 million. Gulf and Peabody Coal Company have agreed to suspend shipments of the Venezuelan portion of the current coal contract for two years to allow Gulf to take advantage of current market conditions. The contract coal has to be blended prior to burning and is priced out of line with the current coal market. The avoided blending fee and the reduced spot market fuel cost is expected to result in approximately \$31 million of savings. This amount will be offset by the \$22 million buyout payment resulting in a net savings to Gulf's ratepayers of approximately \$9 million. Therefore, Gulf should be allowed to recover the buyout

cost and finance charges, based on a debt finance rate of 5.21%, through the fuel cost recovery clause for 24 months beginning February 1996. This type of recovery is consistent with the intent of Order No. 14546.

STIPULATED
ISSUE 12B:

Should Gulf Power Company recover the cost of payments made to Georgia Power Company associated with the Seasonal Powder River Basin Fuel Program at Plant Daniel?

POSITIONS:

Yes. As part of a recent fuel cost saving program, Gulf Power and Mississippi Power Company negotiated with Golden Oak Coal Company and Cyprus Coal Corporation to divert shipments of contract coal from Plant Daniel to Georgia Power Company during 1994 and 1995. This arrangement allowed Plant Daniel to burn lower cost Powder River Basin coal during non-peak periods. As part of the two year agreement, Cyprus would purchase the Golden Oak coal and deliver it to Georgia Power. Gulf and Mississippi then would reimburse Georgia Power for any difference between the cost of spot market purchases and the Plant Daniel coal based on the weighted average \$/mmbtu difference. Georgia Power was reimbursed \$94,178 by Gulf and \$94,178 Mississippi for 1994 deliveries. Gulf projects that its 1995 reimbursement amount will be \$60,000. Upon expiration of the initial two year agreement, Cyprus has agreed to continue purchasing the Golden Oak coal for resale to allow Plant Daniel to continue its seasonal Powder River Basin coal program. Cyprus will be reimbursed for the price difference between the agreed upon price of \$23.50/ton and the Golden Oak contract price of \$27.40/ton during the first nine months of 1996 until the price reopener in October 1996. Gulf's share of this reimbursement amount is projected to be \$552,800.

The Seasonal Powder River Basin Fuel Program at Plant Daniel is expected to result in approximately \$30 million in savings at a cost of approximately \$700,000. Therefore, Gulf should be allowed to recover these reimbursement amounts through the fuel cost recovery clause. This type of recovery is consistent with the intent of Order No. 14546.

Generic Generating Performance Incentive Factor Issues

STIPULATED

ISSUE 13: What is the appropriate GPIF reward or penalty for performance achieved during the period April, 1995 through September, 1995?

POSITION: FPC: See Attachment 1, page 1 of 2.
FPL: See Attachment 1, page 1 of 2.
GULF: See Attachment 1, page 1 of 2.
TECO: See Attachment 1, page 1 of 2.

STIPULATED

ISSUE 14: What should the GPIF targets/ranges be for the period April, 1996 through September, 1996?

POSITION: FPC: See Attachment 1, page 2 of 2.
FPL: See Attachment 1, page 2 of 2.
GULF: See Attachment 1, page 2 of 2.
TECO: See Attachment 1, page 2 of 2.

Company-Specific GPIF Issues

Tampa Electric Company

STIPULATED

ISSUE 15A: Should the adjustments made by Tampa Electric Company to the heat rate results for Big Bend Unit #3 be included in the GPIF reward calculation?

POSITION: Yes.

STIPULATED

ISSUE 15B: Should the adjustments made by Tampa Electric Company to the Big Bend Unit #3 heat rates be allowed in the heat rate target?

POSITION: Yes.

Florida Power & Light Company

STIPULATED

ISSUE 16: Should the adjustments made by Florida Power and Light Company to the equivalent availability factors for St. Lucie Units #1 and #2, for externally caused events occurring at those units, be included in the GPIF reward calculation?

POSITION: Yes.

Generic Oil Backout Issues

ISSUE 17: What is the final oil backout true-up amount for the April, 1995 through September, 1995 period?

POSITIONS:

FPL: Agrees with Staff.

TECO: An overrecovery of \$747,641. (Cantrell/Townes)

FIPUG: FPL: Agrees with Staff.
TECO: Agrees with Staff.

OPC: FPL: Agrees with Staff.
TECO: Agrees with Staff.

STAFF: FPL: \$33,729 overrecovery.
TECO: Staff takes no position pending resolution of company specific issues.

ISSUE 18: What is the estimated oil backout true-up amount for the period October, 1995 through March, 1996?

POSITIONS:

TECO: Pursuant to Order No. PSC-95-0580-FOF-EI issued in Docket No. 950379-EI on May 10, 1995, Tampa Electric's projected oil backout costs for the period October 1, 1995 through December 31, 1995 were recovered during that period. The company presently estimates that its remaining true-up amount related to oil backout costs for 1995 is a \$184,616 underrecovery. As soon as the true-up amount is finalized, Tampa Electric will

present it to the Commission. The true-up amount will be recovered as a line item adjustment to fuel costs through the fuel and purchased power cost recovery clause during the period April 1, 1996 through September 30, 1996. (Cantrell/Townes)

FIPUG: TECO: Agrees with Staff.
OPC: TECO: Agrees with Staff.
STAFF: TECO: Staff takes no position pending resolution of company specific issues.

Company-Specific Oil Backout Issues

Tampa Electric Company

ISSUE 19A: Should TECO separate Oil Backout Cost Recovery costs by wholesale and retail jurisdiction prior to calculating the oil backout factor?

POSITIONS:

TECO: No. Separation of Oil Backout costs would not be appropriate for reasons more fully discussed in the Prepared Direct Testimony of Elizabeth A. Townes. (Townes)

FIPUG: Agrees with Staff.

OPC: Agrees with Staff.

STAFF: Yes.

ISSUE 19B: Should TECO refund the non-jurisdictional portion of Oil Backout Cost Recovery costs previously recovered from its retail ratepayers?

POSITIONS:

TECO: No. If the Commission concludes that Oil Backout costs should be separated, such interpretation should be applied only on a prospective basis. A retroactive application would be unfair, for reasons more fully discussed in the Prepared Direct Testimony of Mary Jo Pennino. (Pennino)

FIPUG: Agrees with Staff.
OPC: Agrees with Staff.
STAFF: Yes.

Generic Capacity Cost Recovery Issues

STIPULATED

ISSUE 20: What is the appropriate final capacity cost recovery true-up amount for the period April, 1995 through September 1995?

POSITION: FPC: \$4,239,557 overrecovery.
FPL: \$23,587,130 overrecovery.
TECO: \$17,956 underrecovery.

STIPULATED

ISSUE 21: What is the estimated capacity cost recovery true-up amount for the period October, 1995 through March 1996?

POSITION: FPC: \$120,500 underrecovery.
FPL: \$38,959,291 overrecovery.
TECO: \$179,568 overrecovery.

STIPULATED

ISSUE 22: What is the total capacity cost recovery true-up amount to be collected during the period April, 1996 through September, 1996?

POSITION: FPC: \$ 4,119,057 overrecovery.
FPL: \$62,546,424 overrecovery.
TECO: \$ 161,612 overrecovery.

STIPULATED

ISSUE 23: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period April, 1996 through September, 1996?

POSITION: FPC: \$123,768,370
FPL: \$160,561,638
TECO: \$ 11,584,505

STIPULATED

ISSUE 24: What are the projected capacity cost recovery factors for the period April, 1996 through September 1996?

POSITION:

FPC:

<u>Rate Class</u>	<u>Cents/KwH</u>
RS	.936
GS-Trans.	.728
GS-Pri.	.735
GS-Sec.	.743
GS-100% L.F.	.512
GSD-Trans.	.609
GSD-Pri.	.616
GSD-Sec.	.622
CS-Trans.	.512
CS-Pri.	.517
CS-Sec.	.522
IS-Trans.	.512
IS-Pri.	.517
IS-Sec.	.522
Lighting	.187

FPL:

<u>Rate Class</u>	<u>Capacity Recovery Factor (\$/KW)</u>	<u>Capacity Recovery Factor (\$/KWH)</u>
RS1	--	.00442
GS1	--	.00434
GSD1	1.62	--
OS2	--	.00302
GSLD1/CS1	1.65	--
GSLD2/CS2	1.65	--
GSLD3/CS3	1.58	--
CILCD/CILCG	1.64	--
CILCT	1.58	--
MET	1.71	--
OL1/SL1	--	.00123
SL2	--	.00292

<u>Rate Class</u>	<u>Capacity Recovery Factor (Reservation Demand Charge) (\$/KW)</u>	<u>Capacity Recovery Factor (Sum of Daily Demand Charge) (\$/KW)</u>
ISST1D	.21	.10
SST1T	.20	.09
SST1D	.21	.10

TECO: The appropriate factors are as follows:

<u>Rate Schedules</u>	<u>Factor</u>
RS	.193 cents per KWH
GS, TS	.179 cents per KWH
GSD	.135 cents per KWH
GSLD/SBF	.123 cents per KWH
IS-1 & 3, SBI-1 & 3	.011 cents per KWH
SL, OL	.029 cents per KWH

VII. EXHIBIT LIST

<u>Witness Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Develle FPC	<u>(DPD - 1)</u>	True-up Variance Analysis
*Develle FPC	<u>(DPD - 2)</u>	Schedules A1 through A13
*Wieland FPC	<u>(KHW - 1)</u>	Forecast Assumptions (Parts A-C) and Capacity Cost Recovery Factors (Part D)
*Wieland FPC	<u>(KHW - 2)</u>	Schedules E1 through E10 and H1
*Turner FPC	<u>(LGT - 1)</u>	Standard Form GPIF Schedules (Reward/Penalty)
*Turner FPC	<u>(LGT - 2)</u>	Standard Form GPIF Schedules (Targets/Rewards)
*Birkett FPL	<u>(BTB - 1)</u>	Appendix I/Fuel Cost Recovery True-Up Calculation
*Birkett FPL	<u>(BTB - 2)</u>	Appendix II/Capacity Cost Recovery True-Up Calculation
*Birkett FPL	<u>(BTB - 3)</u>	Appendix III/A Schedules April 1995 - September 1995
*Birkett FPL	<u>(BTB - 4)</u>	Appendix II/Fuel Cost Recovery E Schedules

<u>Witness Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
*Birkett FPL	<u>(BTB - 5)</u>	Appendix III/Fuel Cost Recovery A Schedules
*Birkett FPL	<u>(BTB - 6)</u>	Appendix IV/Capacity Cost Recovery Calculation of Factors
*Silva FPL	<u>(RS - 1)</u>	Appendix I/Fuel Cost Recovery Forecast Assumptions
*Silva FPL	<u>(RS - 2)</u>	Document No. 1/GPIF Results
*Silva FPL	<u>(RS - 3)</u>	Document No. 1/GPIF Targets and Ranges
*Bachman FPUC	<u>(GMB - 1)</u>	Schedules E1, E1-A, E1-B, E-1B-1, E2, E7, and E-10 (Marianna Division) Schedules E1, E1-A, E1-B, E-1B-1, E1, E7, E8, and E10 (Fernandina Beach Division)
*Gilchrist GULF	<u>(MLG - 1)</u>	Coal Suppliers April 1995 - September 1995
*Gilchrist GULF	<u>(MLG - 2)</u>	Projected vs. Actual Fuel Cost March 1985 - September 1996
*Cranmer GULF	<u>(SDC - 1)</u>	Fuel Cost Recovery Final True-up Calculation
*Cranmer GULF	<u>(SDC - 2)</u>	Schedules E-1 through E-12; H-1; A-1 through A-9 for June - Nov. 1995.
*Fontaine GULF	<u>(GDF - 1)</u>	GPIF Results Schedules
*Fontaine GULF	<u>(GDF - 2)</u>	GPIF Targets and Ranges
Pennino TECO	<u>(MJP - 1)</u>	Fuel cost recovery and capacity cost recovery final true-up April 1995 - September 1995

<u>Witness Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Pennino TECO	<u>(MJP - 2)</u>	Fuel adjustment projection, April, 1996 - September 1996
Pennino TECO	<u>(MJP - 3)</u>	Capacity cost recovery projection, April 1996 - September 1996
*Keselowsky TECO	<u>(GAK - 1)</u>	Generating Performance Incentive Factor Results, April 1995 - September 1995
*Keselowsky TECO	<u>(GAK - 2)</u>	GPIF Targets and Ranges Estimated for April 1996 - September 1996
*Keselowsky TECO	<u>(GAK - 3)</u>	Estimated Unit Performance Data, April 1996 - September 1996
Cantrell and Townes TECO	<u>(WNC/EAT-1)</u>	Schedules Supporting Oil Backout Cost Recovery Factor - Actual, April 1995 - September 1995

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

All issues identified in the Prehearing Order have been stipulated, except Issues Numbers 4, 7, 17, 18, 19A, and 19B for Tampa Electric Company.

IX. PENDING MOTIONS

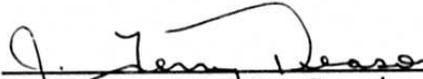
None.

It is therefore,

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

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By ORDER of Commissioner J. Terry Deason, as Prehearing
Officer, this 19th day of February, 1996.



J. TERRY DEASON, Commissioner
and Prehearing Officer

(S E A L)

VDJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

GPIF REWARDS/PENALTIES
 April 1995 to September 1995

Florida Power Corporation	\$1,456,161	Reward
Florida Power and Light Company	\$2,159,086	Reward
Gulf Power Company	(\$483,077)	Penalty
Tampa Electric Company	\$376,230	Reward

Utility/ Plant/Unit	EAF		Heat Rate	
	Target	Adj. Actual	Target	Adj. Actual
<u>FPC</u>				
Anclote 1	97.1	92.6	9,268	9,154
Anclote 2	97.2	89.1	9,565	9,620
Crystal River 1	60.2	61.3	10,130	9,968
Crystal River 2	83.6	92.0	10,053	9,824
Crystal River 3	94.0	99.0	10,532	10,461
Crystal River 4	92.9	95.9	9,377	9,406
Crystal River 5	90.6	90.9	9,274	9,292
<u>FPL</u>	<u>Target</u>	<u>Adj. Actual</u>	<u>Target</u>	<u>Adj. Actual</u>
Cape Canaveral 1	91.2	95.9	9,230	8,952
Cape Canaveral 2	89.8	95.4	9,252	8,955
Fort Lauderdale 4	89.5	89.8	7,335	7,176
Fort Lauderdale 5	95.7	98.0	7,362	7,272
Fort Myers 2	91.7	93.5	9,337	9,659
Manatee 2	96.0	92.0	9,600	9,808
Port Everglades 3	85.6	87.7	9,209	9,097
Port Everglades 4	96.0	88.4	9,313	9,119
Putnam 1	96.0	95.6	8,540	8,696
Putnam 2	84.2	86.5	8,519	8,508
Riviera 3	93.6	95.5	9,610	9,457
Riviera 4	90.9	96.8	9,805	9,808
Sanford 5	96.0	97.1	9,694	9,403
Scherer 4	96.0	91.6	9,956	9,980
St. Lucie 1	93.6	65.9	10,882	10,945
St. Lucie 2	83.3	96.3	10,877	11,063
Turkey Point 1	82.7	84.8	9,309	9,098
Turkey Point 2	95.6	94.9	9,262	8,779
Turkey Point 3	85.1	89.7	11,133	11,190
Turkey Point 4	93.1	99.2	11,218	11,149
<u>Gulf</u>	<u>Target</u>	<u>Adj. Actual</u>	<u>Target</u>	<u>Adj. Actual</u>
Crist 6	76.6	84.2	10,804	11,052
Crist 7	76.4	83.7	10,675	10,899
Smith 1	81.4	85.5	10,147	10,226
Smith 2	87.7	90.6	10,270	10,387
Daniel 1	90.5	85.4	10,291	10,618
Daniel 2	97.5	95.7	10,107	10,339
<u>TECO</u>	<u>Target</u>	<u>Adj. Actual</u>	<u>Target</u>	<u>Adj. Actual</u>
Big Bend 1	83.4	87.9	10,137	10,109
Big Bend 2	88.1	88.5	10,055	10,032
Big Bend 3	67.1	62.0	9,607	9,692
Big Bend 4	90.6	92.4	10,036	9,975
Gannon 5	88.7	91.5	10,052	10,014
Gannon 6	80.4	87.4	10,335	10,372

GPIF TARGETS
 April 1996 to September 1996

Utility/ Plant/Unit	Equivalent Availability			Staff	Heat Rate	
	Company				Company	
	EAF	POF	EUOF			
<u>FPC</u>						
Anclote 1	96.1	0.0	4.0	Agree	9.665	Agree
Anclote 2	97.1	0.0	2.9	Agree	9.784	Agree
Crystal River 1	86.9	3.8	9.3	Agree	10.046	Agree
Crystal River 2	80.5	0.0	19.6	Agree	9.940	Agree
Crystal River 3	90.0	8.2	1.8	Agree	10.492	Agree
Crystal River 4	70.4	26.2	3.4	Agree	9.368	Agree
Crystal River 5	94.9	0.0	5.1	Agree	9.279	Agree
<u>FPL</u>						
Cape Canaveral 1	84.6	8.2	7.2	Agree	9.342	Agree
Cape Canaveral 2	92.2	0.0	7.8	Agree	9.331	Agree
Fort Lauderdale 4	96.0	0.0	4.0	Agree	7.308	Agree
Fort Lauderdale 5	96.0	0.0	4.0	Agree	7.375	Agree
Fort Myers 2	94.5	0.0	5.5	Agree	9.330	Agree
Manatee 2	90.8	3.8	5.4	Agree	9.459	Agree
Martin 3	93.5	2.7	3.8	Agree	6.946	Agree
Martin 4	74.6	2.2	23.2	Agree	6.942	Agree
Port Everglades 3	70.1	24.6	5.3	Agree	9.465	Agree
Port Everglades 4	92.3	0.0	7.7	Agree	9.449	Agree
Putnam 1	95.5	0.0	4.5	Agree	8.658	Agree
Putnam 2	96.0	0.0	4.0	Agree	8.379	Agree
Scherer 4	84.1	8.7	7.2	Agree	9.988	Agree
St. Lucie 1	53.1	31.7	15.2	Agree	10.937	Agree
St. Lucie 2	84.2	0.0	15.8	Agree	10.996	Agree
Turkey Point 1	95.8	0.0	4.2	Agree	9.088	Agree
Turkey Point 2	94.3	0.0	5.7	Agree	9.107	Agree
Turkey Point 3	93.6	0.0	6.4	Agree	11.140	Agree
Turkey Point 4	82.4	12.0	5.6	Agree	11.196	Agree
<u>Gulf</u>						
Crist 6	82.2	8.7	9.1	Agree	10.597	Agree
Crist 7	71.6	15.3	13.1	Agree	10.500	Agree
Smith 1	87.3	8.7	4.0	Agree	10.219	Agree
Smith 2	91.7	0.0	8.3	Agree	10.422	Agree
Daniel 1	92.8	0.0	7.2	Agree	10.493	Agree
Daniel 2	96.7	0.0	3.3	Agree	10.280	Agree
<u>TECO</u>						
Big Bend 1	86.7	0.0	13.3	Agree	10.077	Agree
Big Bend 2	85.9	0.0	14.1	Agree	10.020	Agree
Big Bend 3	87.1	0.0	12.9	Agree	9.746	Agree
Big Bend 4	89.7	0.0	10.3	Agree	10.149	Agree
Gannon 5	90.4	0.0	9.6	Agree	10.343	Agree
Gannon 6	64.8	27.3	7.9	Agree	10.443	Agree