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JACK SHREVE PUBLIC COUNSEL

STATE OF FLORIDA

OFFICE OF THE PUBLIC COUNSEL

c/o The Florida Legislature 111 West Madison St. Room 812 Tallahassee, Florida 32399-1400 850-488-9330

February 9, 1998

Ms. Blanca S. Bayo, Director Division of Records and Reporting Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0870

RE Docket No. 980001-EI

Dear Ms Bayo

Enclosed are an original and fifteen copies of Citizens' Response to Florida Power Corporation's Motion for Reconsideration in the above-referenced docket

Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter

ACK AFA (Cmaur) APP CAF _____SCB/dsb CMU ____ Enclosures CTR EAG 2K - Krma LEG / LIN 3 OPC _____ RCH RECEIVED & FILED # 1 WAS: 0.01

Sincerely,

Slephen C. Burgess Deputy Public Counsel

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor. Docket No. 980001-EI

Filed February 9, 1998

CITIZENS' RESPONSE TO FLORIDA POWER CORPORATION'S MOTION FOR RECONSIDERATION

The Citizens of the State of Florida, through their attorney, the Public Counsel, hereby file this response to Florida Power Corporation's Motion for Reconsideration The Citizens submit

1. On January 28, 1998, Florida Power Corporation moved the Commission to reconsider Order No. PSC-98-0073-FOF-EI. Florida Power Corporation argued that the Commission erred in using the production-related separation factor for allocating a credit of the unbundled transmission revenue to the retail fuel cost recovery clause Rather, Florida Power Corporation seeks that the allocation be based on the transmission-related separation factor determined for base rates.

 The Commission should reject Florida Power Corporation's motion because it could result in the company overearning on a total company basis

3. The separation of the transmission charges does not increase Florida Power Corporation's actual transmission costs, but does allow the company to collect additional revenues Since the entire transmission revenue requirement is already covered in base rates, the incremental collection is simply an additional revenue windfall to the company. If the additional revenues are not used directly and immediately to offset other revenues being collected from customers, the total company revenues will exceed the requirement established to provide a reasonable return

> DOCUMENT NUMBER-DATE 02023 FEB-98

 The Citizens find no evidence through which the Commission can determine to an acceptable degree of specificity and certainty.

- how transmission rates are established for the wholesale jurisdiction;
- (ii) exactly which wholesale customers are supporting the capital transmission costs, and,
- (iii) whether and by what mechanism those customers will receive the entire benefit of the incremental revenues

5. Without information to satisfy the questions enumerated above, the Commission would merely be granting Florida Power Corporation windfall revenue if it were to adopt the company's recommended separation factor. Florida Power Corporation's overall company transmission revenue would be increased, while its actual revenue requirement remains constant.

WHEREFORE, the Citizens of the State of Florida respectfully urge the Public Service commission to reject Florida Power Corporation's Motion for Reconsideration

Respectfully submitted,

Jack Shreve Public Counsel

phen C. Burgess

Deputy Public Counsel

Office of the Public Counsel c/o The Florida Legislature 111 West Madison Street Tallahassee, Florida 32399-1400 (850) 488-9330

Attorneys for the Citizens of the State of Florida

CERTIFICATE OF SERVICE DOCKET NO. 980001-EI

I HEREBY CERTIFY that a true and correct copy of Citizens' Response to Florida Power

Corporation's Motion for Reconsideration has been furnished to the following parties by hand-

delivery(*) or U.S. Mail this 9th day of February, 1998:

Leslie J. Paugh, Esquire Staff Counsel Division of Legal Services Florida Public Service Commission 2540 Shumard Oak Boulevard Room 370, Gunter Building Tallahassee, Florida 32399-0872

Matthew M. Childs, P.A. Steel Hector & Davis, LLP 215 South Monroe Street Suite 601 Tallaha-see, Florida 32301-1804

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

Jeffrey A. Stone, Esquire Russell A. Badders, Esquire Beggs & Lane Post Office Box 12950 Pensacola, Florida 32576-2950 Joseph A. McGlothlin, Esquire Vicki Gordon Kaufman, Esquire McWhirter, Reeves, McGlothlin, Davidson, Rief & Bakas, P.A. 117 South Gadsden Street Tallahassee, Florida 32301

Lee L. Willis, Esquire James D. Beasley, Esquire Ausley & McMullen Post Office Box 391 Tallahassee, Florida 32302

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

James A. McGee, Esquire Florida Power Corporation Post Office Box 14042 St. Petersburg, Florida 33733-4042 Kenneth A. Hoffman, Esquire Rutledge, Ecenia, Underwood, Purnell, & Hoffman, P.A. Post Office Box 551 Tallahassee, Florida 32302-0551

Stephen C. Burges Deputy Public Counsel