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November 4, 1998

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

Re: Fuel and Purchased Power Cost Recovery Clause
with Generating Performance Incentive Factor;
FPSC Docket No. 980001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and ten (10) copies of the Prehearing Statement of Tampa Electric Company.

Also enclosed is a diskette containing the above Prehearing Statement originally typed in Microsoft Word 97 format which has been saved in Rich Text format for use with WordPerfect.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Handwritten signature

Thank you for your assistance in connection with this matter.

Sincerely,

Handwritten signature of James D. Beasley

James D. Beasley

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JDB/pp
3 Enclosures

cc: All Parties of Record (w/enc.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased)	
Power Cost Recovery Clause)	DOCKET NO. 980001-EI
And Generating Performance)	FILED: November 4, 1998
Incentive Factor.)	
_____)	

**TAMPA ELECTRIC COMPANY'S
PREHEARING STATEMENT**

A. APPEARANCES:

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

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>(Direct)</u>		
1. Karen O. Zwolak (TECO)	Fuel Adjustment True-up and Projections; Capacity Cost Recovery True-up and Projections; Broker Sales/Open Access	2,3,4,5,6,7,8, 10F 17,18,19,20
2. G. A. Keselowsky (TECO)	GPIF Reward/Penalty and Targets/Ranges	11B,12A,12B,14
3. Rod Burkhardt (TECO)	Affiliated Coal Transportation Costs	10A,10B,10D,10E,

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(KOZ-2)</u>	Zwolak	Fuel Cost Recovery April 1998 - December 1998 (filed 10/5/98)
<u>(KOZ-2)</u>	Zwolak	Fuel Adjustment Projection January, 1999 – December 1999
<u>(KOZ-3)</u>	Zwolak	Capacity Cost Recovery Projection, January 1999 – December 1999
<u>(GAK-1)</u>	Keselowsky	Generating Performance Incentive Factor Results, October 1997 – March 1998
<u>(GAK-2)</u>	Keselowsky	Generating Performance Incentive Factor October 1998 – December 1998
<u>(GAK-2)</u>	Keselowsky	Generating Performance Incentive Factor Results, January 1999 – December 1999
<u>(GAK-3)</u>	Keselowsky	Generating Performance Incentive Factor Estimated, January 1999 – December 1999
<u>(RB-1)</u>	Burkhardt	Transportation Benchmark Calculation Coal Benchmark Calculation

D. STATEMENT OF BASIC POSITION

Tampa Electric Company's Statement of Basic Position:

The Commission should approve Tampa Electric's calculation of its fuel adjustment, capacity cost recovery and GPIF true-up calculations, including the proposed fuel adjustment factor of 2.255 cents per KWH before application of factors which adjust for variations in line losses; the proposed capacity cost recovery factor of 0.156 cents per KWH before applying the 12CP and 1/13th application methodology; and a GPIF penalty of \$188,281.

E. STATEMENT OF ISSUES AND POSITIONS

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 1: What is the appropriate final fuel adjustment true-up amount for Florida Power & Light Company for the period October, 1997, through March, 1998?

TECO: No position.

ISSUE 2: What are the estimated fuel adjustment true-up amounts for the period April, 1998, through December, 1998?

TECO: \$5,207,699 overrecovery. (Witness: Zwolak)

ISSUE 3: What are the total fuel adjustment true-up amounts to be collected/refunded from January, 1999, to December, 1999?

TECO: \$5,261,113 overrecovery. (Witness: Zwolak)

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January, '999, to December, 1999?

TECO: 2.255 cents per KWH before the normal application of factors that adjust for variations in line losses. (Witness: Zwolak)

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

TECO: The factors should be effective beginning with the specified fuel cycle and thereafter for the period January 1999 through December 1999. Billing cycles may start before January 1, 1999 and the last cycle may be read after December 1, 1999, so that each customer's bill for twelve months regardless of when the adjustment factors began effective. (Witness: Zwolak)

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/delivery voltage level class?

<u>TECO:</u>	<u>Multiplier</u>
Group A	1.0071
Group A1*	NA
Group B	1.0016
Group C	0.9681

*Group A1 is based on Group A, 15% of On-Peak and 85% of Off-Peak.
(Zwolak)

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

TECO:

	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.271	3.323	1.818
Group A1	2.042	NA	NA
Group B	2.259	3.294	1.808
Group C	2.183	3.184	1.744

(Zwolak)

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

TECO: 1.00083 cents/KWH. (Zwolak)

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power Corporation

ISSUE 9A: Has Florida Power Corporation confirmed the validity of the methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1997?

TECO: No position.

ISSUE 9B: Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

TECO: No position.

ISSUE 9C: Has Florida Power Corporation properly calculated the 1997 price for waterborne transportation services provided by Electric Fuels Corporation?

TECO: No position.

ISSUE 9D: Should the Commission approve Florida Power Corporation's request to recover the cost of converting Debary Unit 8 to burn natural gas?

TECO: No position.

Tampa Electric Company

ISSUE 10A: What is the appropriate 1997 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

TECO: \$43.20/Ton. (Witness: Burkhardt)

ISSUE 10B: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1997 benchmark price?

TECO: Yes. Tampa Electric's actual costs are at or below the benchmark. (Witness: Burkhardt)

ISSUE 10C: Should the Commission disallow recovery of any BTU premium adjustment for years 1993 through 1997, inclusive, which Tampa Electric Company paid to Gatliff Coal Company that exceeds the benchmark for coal purchases established in Docket No. 930001-EI and approved by Order No. PSC-93-0443-FOF-EI, issued March 23, 1993?

TECO: No disallowance should be made. This is a new issue that was raised for the first time in Staff's October 29, 1998 final list of issues. Tampa Electric is preparing testimony addressing this new issue.

ISSUE 10D: What is the appropriate 1997 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

TECO: \$28.10/Ton. (Witness: Burkhardt)

ISSUE 10E: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 1997 waterborne transportation benchmark price?

TECO: Yes. Tampa Electric's actual costs are at or below the benchmark. (Witness: Burkhardt)

ISSUE 10F: How should Tampa Electric conclude the refund credit factor as agreed to in the Stipulation approved in Order No. PSC-96-1300-S-EI, in Docket No. 960409-EI, issued October 24, 1996?

TECO: Starting with the first billing cycle in January 1999 customer bills will no longer reflect the Temporary Base Rate Reduction. In keeping with the approved stipulation pertaining to the Temporary Base Rate Reduction, Tampa Electric

should true-up the amount actually refunded at the next available true-up filing in 1999. Recovery of any differential amount should be collected or refunded in the January through December 2000 period. (Witness: Zwolak)

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 11A: What is the appropriate GPIF reward or penalty for performance achieved by Florida Power & Light Company during the period October, 1996, through September, 1997?

TECO: No position.

ISSUE 11B: What is the appropriate GPIF reward or penalty for performance achieved by Florida Power Corporation, Tampa Electric Company, and Gulf Power Company during the period October, 1997, through March, 1998?

TECO: A penalty in the amount of \$188,281. (Witness: Keselowsky)

ISSUE 12A: What should the GPIF targets/ranges be for the period October, 1998 through December, 1998?

TECO: The appropriate targets and ranges are shown in Attachment "A" to the prefiled testimony of Mr. George A. Keselowsky designated (PROJECTION), also attached hereto as Attachment "A". (Witness: Keselowsky)

ISSUE 12B: What should the GPIF targets/ranges be for the period January, 1999 through December, 1999?

TECO: The appropriate targets and ranges are shown in Attachment "A" to prefiled testimony of Mr. George A. Keselowsky designated (1999 PROJECTION), also attached hereto as Attachment "B". (Witness: Keselowsky.)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Florida Power & Light Company

ISSUE 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?

TECO: No position.

Tampa Electric Company

ISSUE 14: Should the heat rate for Tampa Electric Company's Big Bend Unit 3 be adjusted for the power used by the scrubber at Big Bend Unit 4?

TECO: Big Bend Unit 3 heat rates should no longer be adjusted for scrubber power. The GPIF methodology for heat rate targeting requires the use of three years historical data. Since this history did not exist for scrubbing operation, the Big Bend Unit 3 heat rate, with PSC approval, has been adjusted for GPIF purposes to assure compliance with the program requirements. We have now accumulated the necessary three year history and, therefore, the Big Bend Unit 3 heat rate data base is representative of operation with the scrubber.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 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?

TECO: No position.

ISSUE 16: What is the estimated capacity cost recovery true-up amount for Florida Power & Light Company and Gulf Power Company for the period October, 1997, through December, 1998?

TECO: No. position.

ISSUE 17: What is the estimated capacity cost recovery true-up amount for Florida Power Corporation and Tampa Electric Company for the period April, 1998 through December, 1998?

TECO: \$803,517 underrecovery. (Witness: Zwolak)

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

TECO: \$1,150,664 underrecovery. (Witness: Zwolak)

ISSUE 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?

TECO: \$24,871,732. (Witness: Zwolak)

ISSUE 20: What are the projected capacity cost recovery factors for the period January, 1999 through December, 1999?

TECO: The appropriate factor is 0.156 cents per KWH before applying the 12 CP and 1/13 allocation methodology, and producing the capacity recovery factors by rate schedule. (Witness: Zwolak)

Issues raised by Florida Power & Light Company

What is the appropriate final capacity cost recovery true-up amount for the period April, 1997 through March, 1998?

TECO: No position.

What is 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?

TECO: No position.

E. STIPULATED ISSUES

TECO: None at this time.

G. MOTIONS

TECO: None at this time.

H. OTHER MATTERS

TECO: None at this time.

DATED this 4th day of November, 1998.

Respectful'y submitted,



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ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Tampa Electric Company's Prehearing Statement has been furnished by U. S. Mail or hand delivery (*) on this 4th day of November, 1998 to the following:

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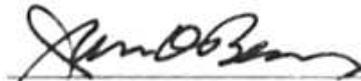
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