

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970096-EQ
PAGE 2

Issue 2: Has Florida Power Corporation provided adequate assurances regarding the financial viability of the Tiger Bay generating facility?

Position: No position at this time pending further discovery.

Issue 3: Are Florida Power Corporation's projections of non-fuel operating expenses reasonable?

Position: No position at this time pending further discovery.

Issue 4: Has Florida Power Corporation provided adequate assurances that sufficient natural gas pipeline capacity will be available to transport natural gas to the Tiger Bay facility?

Position: No position at this time pending further discovery.

Issue 5: Is Florida Power Corporation's fuel price forecast reasonable?

Position: No position at this time pending further discovery.

Issue 6: Are Florida Power Corporation's financial assumptions reasonable?

Position: No position at this time pending further discovery.

Issue 7: What is the appropriate annual accrual amount for the provision of final dismantlement of the Tiger Bay facility?

Position: No position at this time pending further discovery.

Issue 8: What is the appropriate remaining life, net salvage, reserve, and resultant depreciation rate for the Tiger Bay facility?

Position: No position at this time pending further discovery.

Issue 9: Are the purchase power agreement termination payments properly classified as an acquisition adjustment?

Position: No. The termination payments should be recorded in Account 182.3, Other Regulatory Assets.

Issue 10: Is there an acquisition adjustment associated with the purchase of plant facilities?

Position: No position at this time pending further discovery.

Issue 11: Should FPC be required to perform an original cost study for the Tiger Bay generating plant to determine the appropriate amount of investment and reserve to include in Account 101?

Position: No position at this time pending further discovery.

Issue 12: Is Florida Power Corporation's proposal to purchase the Tiger Bay facility and terminate the related power purchase agreements prudent?

Position: No position at this time pending further discovery.

Issue 13: Should the Commission approve the purchase agreement for Florida Power Corporation to purchase the Tiger Bay facility and terminate the related power purchase agreements?

Position: No position at this time pending further discovery.

Issue 14: Should the Commission approve recovery of the fuel costs associated with the Vastar natural gas supply contract through the Fuel and Purchased Power Cost Recovery Clause?

Position: No position at this time pending further discovery.

Issue 15: Should the Commission approve recovery of the natural gas transportation costs associated with the Tiger Bay Facility through the Fuel and Purchased Power Cost Recovery Clause?

Position: No position at this time pending further discovery.

Issue 16: What is the appropriate method for recovering the cost of the Tiger Bay generating facility?

Position: No position at this time pending further discovery.

Issue 17: What is the appropriate method for recovering the cost of terminating the power purchase agreements?

Position: No position at this time pending further discovery.

Issue 18: What is the appropriate method of recovering the cost of the Materials & Supplies Inventory?

Position: The Materials & Supplies Inventory should be booked in M&S and included in working capital.

Issue 19: Should the revenue from the steam sales agreement be credited through the Fuel and Purchased Power Cost Recovery Clause?

Position: No position at this time pending further discovery.

Issue 20: What is the appropriate amortization period for recovering the cost of the Tiger Bay generating facility?

Position: No position at this time pending further discovery.

Issue 21: What is the appropriate amortization period for recovering the cost of terminating the power purchase agreements?

Position: No position at this time pending further discovery.

Issue 22: Should Florida Power be granted the latitude to manage the collection of the purchase price over the amortization period?

Position: No position at this time pending further discovery.

Issue 23: Will the contract buyout and plant purchase cause rate shock?

Position: No position at this time pending further discovery.

Issue 24: Will the proposal impact economic development within Florida Power Corporation's service area?

Position: No position at this time pending further discovery.

Issue 25: What impact will this proposal have on competition in the electric industry?

Position: No position at this time pending further discovery.

Issue 26: Whether it is premature for the Florida Public Service Commission (the "Commission") to consider the Petition filed by Florida Power Corporation ("FPC") until Tiger Bay Limited Partnership ("TBLP") has obtained VGM's consents as required by the terms of TBLP's Gas Sales and Purchase Contract with VGM (the "Gas Sales Contract").

Position: No position at this time pending further discovery.

Issue 27: Should this docket be closed?

Position: No position at this time pending further discovery.

e. Pending Motions

Florida Power Corporation's Motion for Preliminary Prehearing Conference to Establish Issues.

Vastar Gas Marketing, Inc.'s Petition for Leave to Intervene.

STAFF'S PREHEARING STATEMENT
DOCKET NO. 970096-EQ
PAGE 6

f. Compliance with Order No. PSC-97-0173-PCO-EQ

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

Respectfully submitted this 21st day of March, 1997.



LORNA R. WAGNER
Staff Counsel

Florida Public Service Commission
2540 Shumard Oak Boulevard
Gerald L. Gunter Building
Tallahassee, Florida 32399
(904) 413-6199

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for expedited) DOCKET NO. 970096-EQ
approval of agreement with Tiger)
Bay Limited Partnership to) MARCH 21, 1997
purchase Tiger Bay cogeneration)
facility and terminate related)
purchased power contracts by)
Florida Power Corporation.)
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Staff's Prehearing Statement has been furnished by U.S. Mail this 21st day of March, 1997, to the following:

Florida Power Corporation
James McGee, Esquire
P.O. Box 14042
St. Petersburg, FL 33733

Holland & Knight
Bruce May, Esquire
P.O. Drawer 810
Tallahassee, FL 32302

Tiger Bay Limited Partnership
Chuck Cook
2500 CityWest Blvd., #150
Houston, TX 77042

Wiggins & Villacorta
Pat Wiggins, Esquire
P.O. Box 1657
Tallahassee, FL 32302

Vastar Gas Marketing, Inc.
200 Westlake Park Blvd, #200
Houston, TX 77079

Landers & Parsons
Scheff Wright, Esquire
P.O. Box 271
Tallahassee, FL 32308

CERTIFICATE OF SERVICE
DOCKET NO. 970096-EQ

Florida Industrial Power Users
Group
Vicki Gordon Kaufman, Esquire
McWhirter Reeves McGlothlin
117 South Gadsden Street
Tallahassee, FL 32301

Office of Public Counsel
John Roger Howe, Esquire
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399



LORNA R. WAGNER
Staff Counsel

Florida Public Service Commission
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(904) 413-6199