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May 20, 1997

Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, FL 32399-0850

RE: DOCKET NO. 970001-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and ten (10) copies of Florida Power & Light Company's Petition For Approval of its Fuel Cost Recovery True-Up and GPIF for the Period Ending September 1996 in the above-referenced docket. -05070-97

Also enclosed please find the original and ten (10) copies of the Testimony of R. Silva and K.M. Dubin.

1  
05011-97

1  
05072-97  
Very truly yours,

  
Matthew M. Childs, P.A.

ACK   
AFA 1 MMC/ml  
APP  Enclosure  
CAF   
CMU  cc: All Parties of Record  
CTR   
EAG BWS  
LEG 1  
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05070-97

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**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 970001-EI  
FLORIDA POWER & LIGHT COMPANY**

**MAY 20, 1997**

**IN RE: LEVELIZED FUEL COST RECOVERY  
FINAL TRUE-UP**

**OCTOBER 1996 THROUGH MARCH 1997**

**TESTIMONY & EXHIBITS OF:**

**K. M. DUBIN**

DOCUMENT NUMBER-DATE

05072 MAY 20 6

FPSC-RECORDS/REPORTING

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**TESTIMONY OF KOREL M. DUBIN**

**DOCKET NO. 970001-EI**

**May 20, 1997**

1   **Q.   Please state your name, business address, employer and**  
2       **position.**

3   **A.   My name is Korel M. Dubin, and my business address is 9250 West**  
4       **Flagler Street, Miami, Florida, 33174. I am employed by Florida Power**  
5       **& Light Company (FPL) as a Principal Rate Analyst in the Rates and**  
6       **Tariff Administration Department.**

7  
8   **Q.   Please state your education and business experience.**

9   **A.   I received a Bachelor of Arts in Political Science from Emory University**  
10       **in 1980 and in 1982 I received a Master of Business Administration**  
11       **from Barry University. In June 1982, I joined Florida Power & Light**  
12       **Company's Fossil Fuel Section of the Fuel Resources Department.**  
13       **My responsibilities included administration of fuel supply and**  
14       **operations contracts, development of procurement procedures and**  
15       **research and analysis of transportation options and by-product sales.**

1 After holding positions of increasing responsibility in the Fuel  
2 Resources Department (1982-1985) and Rates and Research  
3 Department (1985 -1991), I joined the Regulatory Affairs Department  
4 as a Coordinator in July 1991 where I was primarily responsible for the  
5 coordination of the Company's Fuel, Cost Backout, Capacity,  
6 Environmental Cost Recovery Clause and Generating Performance  
7 Incentive Factor (GPIF) filings.

8  
9 In April 1997 I became Principal Rate Analyst in the Rates and Tariff  
10 Administration Department where I am primarily responsible for the  
11 development and support of the Company's Fuel, Capacity and  
12 Environmental Cost Recovery Clause and GPIF Filings.

13  
14 **Q. What is the purpose of your testimony in this proceeding?**

15 **A.** The purpose of my testimony is to present the schedules necessary  
16 to support the actual Fuel Cost Recovery Clause (FCR) Net True-Up  
17 amount for the period October 1996 through March 1997. The Net  
18 True-Up for FCR is an overrecovery, including interest, of  
19 \$13,141,163. I am requesting Commission approval to include this  
20 true-up amount in the calculation of the FCR factor for the period  
21 October 1997 through March 1998.

1 Q. Have you prepared or caused to be prepared under your  
2 direction, supervision or control an exhibit in this proceeding?

3 A. Yes, I have. It consists of Appendix I which contains the FCR related  
4 schedules. FCR Schedules A-1 through A-13 for the October 1996  
5 through March 1997 period have been filed monthly with the  
6 Commission, are served on all parties and are incorporated herein by  
7 reference.

8  
9 Q. What is the source of the data which you will present by way of  
10 testimony or exhibits in this proceeding?

11 A. Unless otherwise indicated, the actual data is taken from the books  
12 and records of FPL. The books and records are kept in the regular  
13 course of our business in accordance with generally accepted  
14 accounting principles and practices, and provisions of the Uniform  
15 System of Accounts as prescribed by this Commission.

16  
17 Q. Please explain the calculation of the Net True-up Amount.

18 A. Appendix I, page 3, entitled "Summary of Net True-Up Amount" shows  
19 the calculation of the Net True-Up for the six-month period October  
20 1996 through March 1997, an overrecovery of \$13,141,163, which I  
21 am requesting be included in the calculation of the Fuel Cost  
22 Recovery Factor for the period October 1997 through March 1998.  
23 The calculation of the true-up amount for the period follows the  
24 procedures established by this Commission as set forth on

1 Commission Schedule A-2 "Calculation of True-Up and Interest  
2 Provision".

3  
4 The actual End-of-Period underrecovery for the six-month period  
5 October 1996 through March 1997 of \$50,449,989 shown on line 1,  
6 less the estimated/actual End-of-Period underrecovery for the same  
7 period of \$63,591,152 shown on line 2 that was included in the  
8 calculation of the Fuel Cost Recovery Factor for the period April 1997  
9 through September 1997, results in the Net True-Up for the six-month  
10 period October 1996 through March 1997 shown on line 3, an  
11 overrecovery of \$13,141,163.

12  
13 **Q. Have you provided a schedule showing the variances between  
14 actuals and estimated/actuals?**

15 **A. Yes.** Appendix I, page 4, entitled "Calculation of Final True-up  
16 Variances" shows the actual fuel costs and revenues compared to the  
17 estimated/actuals for the period October 1996 through March 1997.

18  
19 **Q. What was the variance in fuel costs?**

20 **A.** As shown on Appendix I, page 4, line A7, actual fuel costs on a Total  
21 Company basis were \$7.1 million lower than the estimated/actual  
22 projection. The Fuel Cost of Power Sales are \$13.2 million lower than  
23 projected. This variance is offset by a \$3.6 million decrease in the  
24 Fuel Cost of System Net Generation, a \$1.9 million decrease in the

1 Fuel Cost of Purchased Power, an \$8.4 million decrease in the Energy  
2 Payments to Qualifying Facilities and a \$5.3 million decrease in  
3 Energy Cost of Economy Purchases.

4  
5 The decrease in the Fuel Cost of Power Sold was primarily due to  
6 lower than projected opportunity sales due to mild weather. The  
7 decrease in the Fuel Cost of System Net Generation was primarily due  
8 to a decrease in natural gas prices due to warmer than anticipated  
9 weather and higher gas inventory levels throughout the winter. The  
10 decrease in the Fuel Cost of Purchased Power was due to lower than  
11 projected UPS purchases from Southern Company due to mild  
12 weather. The decrease in Energy Payments to Qualifying Facilities  
13 was due to lower than expected deliveries from Indiantown  
14 Cogeneration Limited (ICL), Cedar Bay and Florida Crushed Stone  
15 contracts. The decrease in Energy Cost of Economy Purchases was  
16 due to reduced availability of low cost economy energy due to cold  
17 weather in the southeast region.

18  
19 **Q. What was the variance in retail (jurisdictional) Fuel Cost**  
20 **Recovery revenues?**

21 **A.** As shown on line D1, actual jurisdictional Fuel Cost Recovery  
22 revenues, net of revenue taxes, were \$5.9 million higher than the  
23 estimated/actual projection. This increase was due to higher  
24 jurisdictional kWh sales. Jurisdictional sales were 257,001,059 kWh

1 (0.7%) higher than the estimated/actual projection.

2

3 **Q. How is Real Time Pricing (RTP) reflected in the calculation of the**  
4 **Net True-up Amount?**

5 **A. In the determination of Jurisdictional kWh sales, only kWh sales**  
6 **associated with RTP baseline load are included, consistent with**  
7 **projections (Appendix 1, page 4, Line C3). In the determination of**  
8 **Jurisdictional Fuel Costs, revenues associated with RTP incremental**  
9 **kWh sales are included as 100% Retail (Appendix 1, page 4, Line**  
10 **D4c) in order to offset incremental fuel used to generate these kWh**  
11 **sales.**

12

13 **Q. Does this conclude your testimony?**

14 **A. Yes, it does.**

**APPENDIX I**  
**FUEL COST RECOVERY**  
**TRUE-UP CALCULATION**

KMD-1  
DOCKET NO. 970001-EI  
FPL WITNESS: K. M. Dubin  
EXHIBIT \_\_\_\_\_  
PAGES 1-4  
May 20, 1997  
DOCUMENT NUMBER-DATE  
05072 MAY 20 5  
FPSC-RECORDS/REPORTING

**APPENDIX I**  
**FUEL COST RECOVERY CLAUSE**  
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<b>3</b>	<b>SUMMARY OF NET TRUE-UP AMOUNT</b>
<b>4</b>	<b>CALCULATION OF FINAL TRUE-UP VARIANCES</b>

FLORIDA POWER & LIGHT COMPANY  
FUEL COST RECOVERY CLAUSE  
SUMMARY OF NET TRUE-UP AMOUNT  
FOR THE PERIOD OCTOBER 1996 THROUGH MARCH 1997

1	End of Period True-up for the six month period October 1996 through March 1997	\$ (50,449,989)
2	Less Estimated/Actual True-up for the same period approved at the February 17, 1997 Hearing *	(63,591,152)
3	Net True-up for the six month period October 1996 through March 1997	<u>\$13,141,163</u>

( ) REFLECTS UNDERRECOVERY

- FPSC Order No. PSC-97-0359-FOF-EI dated March 31, 1997

**FLORIDA POWER & LIGHT COMPANY**  
**FUEL COST RECOVERY CLAUSE**  
**CALCULATION OF FINAL TRUE-UP VARIANCES**  
**FOR THE PERIOD OCTOBER 1996 THROUGH MARCH 1997**

LINE NO.		(1)	(2)	(3)	(4)
		ACTUAL	UPDATED ESTIMATE (a)	VARIANCE AMOUNT	%
A 1 a	Fuel Cost of System Net Generation	\$ 517,233,368	\$ 520,802,819	\$ (3,569,451)	(0.7) %
	b Nuclear Fuel Disposal Costs	11,434,878	11,320,186	114,692	1.0 %
	c Coal Cars Depreciation & Return	2,401,267	2,442,419	(41,152)	(1.7) %
	d Nuclear Thermal Uprate Amortization & Return	1,229,801	1,463,621	(233,820)	(16.0) %
	e Gas Pipelines Depreciation & Return	1,779,202	1,779,202	0	0.0 %
	f DOE Decontamination & Decommissioning Fund Payment	5,247,223	5,247,223	0	0.0 %
2	Fuel Cost of Power Sold	(18,267,940)	(31,507,600)	13,239,660	(42.0) %
3 a	Fuel Cost of Purchased Power	72,059,536	73,999,751	(1,940,215)	(2.6) %
	b Energy Payments to Qualifying Facilities	59,742,574	68,144,484	(8,401,910)	(12.3) %
4	Energy Cost of Economy Purchases	39,368,870	45,133,059	(5,764,189)	(12.8) %
5	Total Fuel Costs & Net Power Transactions	\$ 692,228,778	\$ 698,825,164	\$ (6,596,385)	(0.9) %
6	<b>Adjustments to Fuel Cost</b>				
	a Sales to Fla Keys Elect Coop (FKEC) & City of Key West (CKW)	\$ (10,407,770)	\$ (9,991,131)	\$ (416,639)	4.2 %
	b Reactive and Voltage Control Fuel Revenues	(286,243)	(150,350)	(135,893)	90.4 %
	c Inventory Adjustments	(27,744)	24,402	(52,146)	N/A
	d Non Recoverable Oil/Tank Bottoms	(357,307)	(403,791)	46,484	(11.5) %
	e Modifications to Burn Low Gravity Oil	21,433	0	21,433	N/A
7	Adjusted Total Fuel Costs & Net Power Transactions	\$ 681,171,147	\$ 688,304,294	\$ (7,133,146)	(1.0) %
	FPSC Order No. PSC-97-0359-FOF-EI dated March 31, 1997				
C 1	Jurisdictional kWh Sales	36,862,029,318	36,605,028,259	257,001,059	0.7 %
2	Sale for Resale	119,855,150	120,844,791	(989,641)	(0.8) %
3	Total Sales (Excluding RTP Incremental)	36,981,884,468	36,725,873,050	256,011,418	0.7 %
4		N/A	N/A	N/A	N/A
D 1	Jurisdictional Fuel Revenues (Net of Revenue Taxes)	\$ 800,284,504	\$ 794,373,236	\$ 5,911,268	0.7 %
	a Prior Period True-up Provision	(166,192,599)	(166,192,599)	0	0.0 %
	b GPIF, Net of Revenue Taxes (b)	(1,916,276)	(1,916,276)	0	0.0 %
	c Oil Backout Revenues, Net of revenue taxes	2,768	1,406	1,362	96.9 %
3	Jurisdictional Fuel Revenues Applicable to Period	\$ 632,178,396	\$ 626,265,766	\$ 5,912,630	0.9 %
4 a	Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	\$ 681,171,147	\$ 688,304,294	\$ (7,133,147)	(1.0) %
	b Nuclear Fuel Expense - 100% Retail	152,132	77,404	74,728	96.5 %
	c RTP Incremental Fuel -100% Retail	403,598	156,251	247,347	158.3 %
	d	5,247,223	5,247,223	0	0.0 %
	e Adj. Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (D4a-D4b-D4c-D4d)	675,368,194	682,823,417	(7,455,223)	(1.1) %
6	Jurisdictional Total Fuel Costs & Net Power Transactions	\$ 679,566,912	\$ 686,649,143	\$ (7,082,231)	(1.0) %
7	True-up Provision for the Period- Over/(Under) Recovery (Line D3 - Line D6)	\$ (47,388,516)	\$ (60,383,377)	\$ 12,994,861	(21.5) %
8	Interest Provision for the Month	(3,061,473)	(3,207,773)	146,300	(4.6) %
9	True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	(166,192,599)	(166,192,599)	0	0.0 %
	a Deferred True-up Beginning of Period - Over/(Under) Recovery	(13,513,839)	(13,513,839)	0	0.0 %
10	Prior Period True-up Collected/(Refunded) This Period	166,192,599	166,192,599	0	0.0 %
11	End of Period Net True-up Amount Over/(Under) Recovery (Lines D7 through D10)	\$ (63,963,828)	\$ (77,104,989)	\$ 13,141,161	(17.0) %
<b>NOTES</b>					
	(a)	Per Estimated/Actual Schedule E-1b, filed January 16, 1997			
	(b)	Generation Performance Incentive Factor per Order No. PSC-96-1172-FOF-EL ((51,947,105 * 98.4167) / 6)			