

ORIGINAL

MEMORANDUM

OCTOBER 18, 2004

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COMMISSION
CLERK

TO: DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES

FROM: OFFICE OF THE GENERAL COUNSEL (Vining) *AEV*

RE: DOCKET NO. 040001-EI - FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR.

Attached is STAFF'S PREHEARING STATEMENT, with attachment to be filed in the above-referenced docket.

DATE SENT ELECTRONICALLY TO CCA 10-18-04

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FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 040001-EI
| DATED: OCTOBER 18, 2004

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-04-0161-PCO-EI, filed February 17, 2004, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Joseph W. Rohrbacher

Incremental Security Costs of Tampa Electric Company; Waterborne Transportation Costs of Progress Energy Florida

b. All Known Exhibits

- JWR-1: Summary of TECO Security Costs for 2000-2003
- JWR-2: Schedules of Monthly TECO Security Costs for 2000-2003
- JWR-3: Progress Energy Florida, Inc. Waterborne Transportation Cost Audit Report for 2002
- JWR-4: Progress Energy Florida, Inc. Waterborne Transportation Cost Audit Report for 2003
- JWR-5: Progress Energy Florida, Inc. Waterborne Transportation Cost Audit Workpapers for 2002 and 2003

c. Staff's Statement of Basic Position

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 stated herein.

d. Staff's Position on the Issues

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period January 2003 through December 2003? (Bohrmann)

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POSITION: FPL: \$41,808,676 over-recovery
FPUC-Fernandina Beach: \$535,273 over-recovery
FPUC-Marianna: \$280,576 under-recovery
GULF: \$1,053,779 over-recovery
PEF: \$173,450,042 under-recovery
TECO: \$30,622,243 over-recovery

ISSUE 2: What are the appropriate estimated fuel adjustment true-up amounts for the period January 2004 through December 2004? (Bohrmann)

POSITION: FPL: \$182,196,299 under-recovery
FPUC-Fernandina Beach: \$69,844 under-recovery
FPUC-Marianna: \$854,985 under-recovery
GULF: \$29,107,969 under-recovery
PEF: \$35,062,507 over-recovery
TECO: No position pending resolution of outstanding issues.

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2005 to December 2005? (Bohrmann)

POSITION: FPL: \$140,387,623 under-recovery to be collected
FPUC-Fernandina Beach: \$465,429 over-recovery to be refunded
FPUC-Marianna: \$1,135,561 under-recovery to be collected
GULF: \$28,054,190 under-recovery to be collected
PEF: \$59,200,000 under-recovery to be collected. PEF would defer collecting the remaining under-recovered balance in 2006.
TECO: No position pending resolution of outstanding issues

ISSUE 4: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2005 through December 2005? (Brinkley)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factors for the period January 2005 through December 2005? (Bohrmann)

POSITION: FPL: No position pending resolution of outstanding issues.
FPUC-Fernandina Beach: \$15,210,776
FPUC-Marianna: \$8,781,634
GULF: \$311,146,808

PEF: No position pending resolution of outstanding issues.
TECO: No position pending resolution of outstanding issues.

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January 2005 through December 2005? (Draper)

POSITION: FPL: No position pending resolution of outstanding issues.
FPU-Fernandina Beach: 1.950¢/kwh
FPU-Marianna: 2.790¢/kwh
Gulf: No position pending resolution of outstanding issues.
PEF: No position pending resolution of outstanding issues.
TECO: No position pending resolution of outstanding issues.

ISSUE 7: 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? (Draper)

POSITION:

FPL:

GROUP	RATE SCHEDULE	FUEL RECOVERY LOSS MULTIPLIER
A	RS-1,GS-1,SL2	1.00201
A-1*	SL-1,OL-1,PL-1	1.00201
B	GSD-1	1.00194
C	GSLD-1 & CS-1	1.00097
D	GSLD-2,CS-2,OS-2 & MET	.99390
E	GSLD-3 & CS-3	.95678
A	RST-1,GST-1 ON-PEAK	1.00201
	OFF-PEAK	1.00201
B	GSDT-1,CILC-1(G) ON-PEAK	1.00194
	OFF-PEAK	1.00194
C	GSLDT-1 & CST-1 ON-PEAK	1.00097

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	OFF-PEAK	1.00097
D	GSLDT-2 & CST-2	
	ON-PEAK	.99513
	OFF-PEAK	.99513
E	GSLDT-3,CST-3	
	CILC-1(T)&ISST-1(T)	
	ON-PEAK	.95678
	OFF-PEAK	.95678
F	CILC-1(D) &	
	ISST-1(D)	
	ON-PEAK	.99349
	OFF-PEAK	.99349

FPUC:	<u>Fernandina Beach</u>	<u>Multiplier</u>
	All Rate Schedules	1.0000
	<u>Marianna</u>	<u>Multiplier</u>
	All Rate Schedules	1.0000

GULF:

Group	Rate Schedules*	Line Loss Multipliers
A	RS, GS, GSD, GSDDT, SBS, OSIII, OSIV	1.00526
B	LP, LPT, SBS	0.98890
C	PX, PXT, SBS, RTP	0.98063
D	OSI, OSII	1.00529

*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.

PEF:	<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

TECO:	<u>Group</u>	<u>Multiplier</u>
	Group A	1.0041
	Group A1	n/a*
	Group B	1.0004
	Group C	0.9754

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

ISSUE 8: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses? (Draper)

POSITION: FPL: No position pending resolution of Issue 6.
FPUC-Fernandina:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$.03263
GS	\$.03144
GSD	\$.03029
GSLD	\$.02956
OL	\$.02185
SL	\$.02208

FPUC-Marianna:

<u>Rate Schedule</u>	<u>Adjustment</u>
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RS	\$.04464
GS	\$.04412
GSD	\$.04220
GSLD	\$.04002
OL	\$.03502
SL	\$.03538

Gulf: No position pending resolution of Issue 6.

PEF: No position pending resolution of Issue 6.

TECO: No position pending resolution of Issue 6.

ISSUE 9: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes? (Bohrmann)

POSITION: The new factors should be effective beginning with the first billing cycle for January 2005, and thereafter through the last billing cycle for December 2005. The first billing cycle may start before January 1, 2005, and the last billing cycle may end after December 31, 2005, so long as each customer is billed for twelve months regardless of when the factors became effective.

ISSUE 10: What are the appropriate actual benchmark levels for calendar year 2004 for gains on non-separated wholesale energy sales eligible for a shareholder incentive? (Bohrmann)

POSITION: FPL: \$15,133,577
GULF: \$2,415,211
PEF: \$8,585,687
TECO: \$1,178,388

ISSUE 11: What are the appropriate estimated benchmark levels for calendar year 2005 for gains on non-separated wholesale energy sales eligible for a shareholder incentive? (Bohrmann)

POSITION: FPL: \$13,270,095
GULF: \$2,524,525
PEF: \$7,888,336
TECO: \$1,222,083

ISSUE 12: Should each investor-owned utility be required to report its capacity charges and costs, estimated and actual, for wholesale capacity sales and purchases in a schedule similar in format to Schedules E-6, A-6, E-7, A-7, E-8, A-8, E-9, and A-9? (Lee, Bohrmann)

POSITION: No position pending further discovery and evidence adduced at the hearing.

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Progress Energy Florida

ISSUE 13A: Has Progress Energy Florida confirmed the validity of the methodology used to determine the equity component of Progress Fuels Corporation's capital structure for calendar year 2003? (Windham, Maurey)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13B: Has Progress Energy Florida properly calculated the 2003 price for waterborne transportation services provided by Progress Fuels Corporation? (Windham)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13C: Should the Commission defer all issues related to the purchased power agreements between Progress Energy Florida and Shady Hills Power Company, LLC and Progress Energy Florida and Southern Company to a separate docket? (Bohrmann, Vining)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13D: If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission require Progress Energy Florida to explore alternatives in the wholesale market prior to seeking approval of the purchased power agreements? (Bohrmann, Haff, Vining)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13E: If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission approve the tolling agreement between Progress Energy Florida and Shady Hills Power Company, LLC for cost recovery purposes? (Haff, Bohrmann, Windham, Maurey)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13F: If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission approve the Unit Power Sales (UPS) agreement between Progress Energy Florida and Southern Company for cost recovery purposes? (Haff, Bohrmann, Windham, Maurey)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13G: Pursuant to Order No. PSC-93-1331-FOF-EI, in Docket No. 930001-EI, issued September 13, 1993, should the Commission make an adjustment to Progress Energy Florida's 2002 and 2003 waterborne coal transportation costs to account for upriver costs from mine to barge for coal commodity contracts which are quoted FOB Barge? (Windham)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13H: Pursuant to Order No. PSC-94-0390-FOF-EI, in Docket No. 940001-EI, issued April 4, 1994, should the Commission make an adjustment to Progress Energy Florida's 2001-2003 waterborne coal transportation costs to account for transloading costs for coal commodity contracts which are quoted FOB Barge? (Windham)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13I: Pursuant to Order No. PSC-04-0713-AS-EI, in Docket No. 031057-EI, issued July 20, 2004, has Progress Energy Florida made the appropriate adjustments to its 2004 and 2005 waterborne coal transportation costs for recovery purposes? (Windham)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 13J: Has Progress Energy Florida provided sufficient evidence of fuel savings to justify charging depreciation and a return in the amount of approximately \$37 million related to Hines Unit 2? (Bohrmann, Windham)

POSITION: No position pending further discovery and evidence adduced at the hearing.

Florida Power & Light Company

ISSUE 14A: Should the Commission defer all issues related to the purchased power agreements between FPL and Southern Company to a separate docket? (Bohrmann, Vining)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 14B: If the Commission does not defer all issues related to the purchased power agreements to a separate docket, should the Commission require FPL to explore

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alternatives in the wholesale market prior to seeking approval of the purchased power agreements? (Bohrmann, Haff, Vining)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 14C: Should the Commission approve the three UPS agreements between FPL and Southern Company for cost recovery purposes? (Haff, Bohrmann, Maurey)

POSITION: No position pending further discovery and evidence adduced at the hearing.

No additional company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 14D, 14E, 14F, and so forth, as appropriate.

Florida Public Utilities Company

ISSUE 15A: Should the Commission adjust FPUC's true-up balances to account for the unbundling of the Gross Receipts Tax from FPUC's base rates by Order No. PSC-04-0369-AS-EI, in Docket No. 030438-EI, issued April 6, 2004? (Brinkley)

POSITION: No position pending further discovery and evidence adduced at the hearing.

No additional company-specific issues for Florida Public Utilities Company have been identified at this time. If such issues are identified, they shall be numbered 15B, 15C, 15D, and so forth, as appropriate.

Gulf Power Company

No additional company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 16A, 16B, 16C, and so forth, as appropriate.

Tampa Electric Company

ISSUE 17A: What is the appropriate 2003 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company? (Windham)

POSITION: No position pending further discovery and evidence adduced at the hearing.

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ISSUE 17B: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 2003 waterborne transportation benchmark price? (Windham)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 17C: Based on the Commission's decision at the September 21, 2004, Agenda Conference in Docket No. 031033-EI, has Tampa Electric Company made the appropriate adjustments to its 2004 and 2005 waterborne coal transportation costs for recovery purposes? (Windham, Matlock)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 17D: Has Tampa Electric calculated the appropriate interest on its 2003 over-recovery balance? (Brinkley)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 17E: Are the fuel charges Tampa Electric expects to incur for its wholesale energy purchases from Hardee Power Partners for 2005 reasonable? (Bohrmann, Matlock)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 17F: Should the Commission approve Tampa Electric's purchased power agreement for 150 MW of non-firm energy referenced in Benjamin F. Smith's direct testimony for cost recovery purposes? (Haff, Bohrmann, Matlock)

POSITION: No position pending further discovery and evidence adduced at the hearing.

No additional company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 17G, 17H, 17I, and so forth, as appropriate.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 18: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2003 through December 2003 for each investor-owned electric utility subject to the GPIF? (Matlock)

POSITION: See Attachment A.

ISSUE 19: What should the GPIF targets/ranges be for the period January 2005 through December 2005 for each investor-owned electric utility subject to the GPIF? (Matlock)

POSITION: See Attachment A.

**COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR
ISSUES**

Florida Power & Light Company

No company-specific issues for Florida Power & Light Company have been identified at this time. If such issues are identified, they shall be numbered 20A, 20B, 20C, and so forth, as appropriate.

Progress Energy Florida

No company-specific issues for Progress Energy Florida have been identified at this time. If such issues are identified, they shall be numbered 21A, 21B, 21C, and so forth, as appropriate.

Gulf Power Company

ISSUE 22A: Should the Commission approve the generating units proposed by Gulf Power Company for the company's 2005 GPIF units? (Matlock)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 22B: Should the Commission consider excluding the Daniel units from the 2004 GPIF reward/ penalty calculation due to the burning of low Btu coal at those units in some months? (Matlock)

POSITION: No position pending further discovery and evidence adduced at the hearing.

ISSUE 22C: Should the Commission approve the exclusion of the Daniel units from the 2005 heat rate targets? (Matlock)

POSITION: No position pending further discovery and evidence adduced at the hearing.

No additional company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 22D, 22E, 22F, and so forth, as appropriate.

Tampa Electric Company

No company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 23A, 23B, 23C, and so forth, as appropriate.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 24: What are the appropriate final capacity cost recovery true-up amounts for the period January 2003 through December 2003? (Lee)

POSITION: FPL: \$7,050,083 underrecovery.
GULF: \$1,053,779 overrecovery.
PEF: \$9,395,829 overrecovery.
TECO: No position at this time.

ISSUE 25: What are the appropriate estimated capacity cost recovery true-up amounts for the period January 2004 through December 2004? (Lee)

POSITION: FPL: \$73,892,873 underrecovery.
GULF: \$1,797,696 overrecovery.
PEF: \$1,962,370 overrecovery.
TECO: No position at this time pending resolution of Issue 33A.

ISSUE 26: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2005 through December 2005? (Lee)

POSITION: FPL: \$80,942,956 underrecovery.
GULF: \$2,851,475 overrecovery.
PEF: \$11,358,199 overrecovery.
TECO: No position at this time pending resolution of Issue 33A.

ISSUE 27: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2005 through December 2005? (Lee)

POSITION: FPL: \$689,014,560.
GULF: \$20,368,493.
PEF: \$311,001,772.
TECO: No position at this time pending resolution of Issue 33A.

ISSUE 28: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factors for the period January 2005 through December 2005? (Wheeler)

POSITION: FPL: 98.63289%
GULF: 96.64872%
PEF: Base - 95.957%, Intermediate - 86.574%, Peaking - 74.562%.
TECO: 96.41722%

ISSUE 29: What are the appropriate capacity cost recovery factors for the period January 2005 through December 2005? (Wheeler)

POSITION:

FPL:

<u>RATE SCHEDULE</u>	<u>RECOVERY FACTOR (CENTS PER KWH)</u>
RS-1, RST-1	0.739
GSI, GST-1	0.671
OL-1, SL-1, PL-1	0.128
SL-2	0.485
OS-2	0.501

	<u>(DOLLARS PER KW)</u>
GSD-1, GSDT-1	\$2.66
GSLD-1, GSLD-T1, CS-1, CST-1	\$2.68
GSLD-2, GSLDT-2, CS-2, CST-2	\$2.62
GSLD-3, GSLDT-3, CS-3, CST-3	\$2.68
CILC-1D, CILC-1G	\$2.80
CILC-1T	\$2.76
MET	\$2.77

STANDBY RATES (DOLLARS PER KW)

	<u>RDC</u>	<u>SDD</u>
ISST-1D	\$0.34	\$0.16
ISST-1T	\$0.32	\$0.15
SST-1T	\$0.32	\$0.15
SST-1D1, SST-1D2, SST-1D3	\$0.34	\$0.16

GULF:

RATE SCHEDULE	RECOVERY FACTOR (CENTS PER KWH)
RS, RSVP	0.210
GS	0.204
GSD, GSDT, GSDTOU	0.180
LP, LPT	0.156
PX, PXT, RTP, SBS	0.131
OS-I, OS-II	0.090
OS-III	0.135

PEF:

RATE SCHEDULE	RECOVERY FACTOR (CENTS PER KWH)
RS-1, RST-1, RSL-1, RSL-2	0.875
GS-1, GST-1 –Transmission	0.777
GS-1, GST-1 - Primary	0.785
GS-1, GST-1 –Secondary	0.793
GS -2 100% Load Factor	0.507
GSD-1, GSDT-1, SS-1-Transmission	0.683
GSD-1, GSDT-1, SS-1 – Primary	0.690
GSD-1, GSDT-1, SS-1 – Secondary	0.697
CS-1, 2 & 3 CST-1, 2 & 3, SS-3 - Transmission	0.617
CS-1, 2 & 3 CST-1, 2 & 3, SS-3 - Primary	0.624
CS-1, 2 & 3 CST-1, 2 & 3, SS-3 - Secondary	0.630
IS-1 & 2, , IST-1 & 2, SS-2 – Transmission	0.524
IS-1 & 2, IST-1 & 2, SS-2 – Primary	0.529
IS-1 & 2, IST-1 & 2, SS-2 – Secondary	0.534
LS-1 – Lighting Service	0.156

TECO: No position at this time pending resolution of Issue 33A.

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Progress Energy Florida

ISSUE 30A: Are Progress Energy Florida's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security measures reasonable for cost recovery purposes? (Lee, Windham)

POSITION: The company's security measures taken in response to post 9/11/2001 security requirements are reasonable for cost recovery purposes. The final recoverable amount is subject to staff review and audit in the true-up process.

No additional company-specific issues for Progress Energy Florida have been identified at this time. If such issues are identified, they shall be numbered 30B, 30C, 30D, and so forth, as appropriate.

Florida Power & Light Company

ISSUE 31A: Are Florida Power & Light's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security measures reasonable for cost recovery purposes? (Lee, Bohrmann)

POSITION: The company's security measures taken in response to post 9/11/2001 security requirements are reasonable for cost recovery purposes. The final recoverable amount is subject to staff review and audit in the true-up process.

No additional company-specific issues for Florida Power & Light have been identified at this time. If such issues are identified, they shall be numbered 31B, 31C, 31D, and so forth, as appropriate.

Gulf Power Company

No company-specific issues for Gulf Power Company have been identified at this time. If such issues are identified, they shall be numbered 32A, 32B, 32C, and so forth, as appropriate.

Tampa Electric Company

ISSUE 33A: Are Tampa Electric Company's actual and projected expenses for 2003 through 2005 for its post-September 11, 2001, security measures reasonable for cost recovery purposes? (Lee, Matlock)

POSITION: Staff is concerned that the method used by TECO to calculate its incremental security costs for the 2004 true-up and 2005 projection contains elements that are inconsistent with Commission orders and TECO's own prior method. Unlike FPL and PEF, TECO uses a new method which is not based on security costs separately identified by the post-9/11/2001 requirements. When incremental security costs were separately identified and projected, TECO's projected 2004 cost was \$120,000. Using its new method, the projected 2004 cost is \$509,047. While TECO is correct in offsetting the corresponding savings in base rate items associated with its post-9/11/2001 measures, staff witness Rohrbacher's testimony points out several inconsistencies in TECO's representation. For example, TECO uses a 2000 base expense of \$1,927,720 which is based only on a subset of the accounts used to represent the 2004 total security expenses. Witness Rohrbacher demonstrated that when the comparison is based on the same group of accounts,

TECO's new method would yield an amount closer to TECO's original projection of \$120,000.

No additional company-specific issues for Tampa Electric Company have been identified at this time. If such issues are identified, they shall be numbered 33B, 33C, 33D, and so forth, as appropriate.

e. Pending Motions

Staff has no pending motions.

f. Pending Confidentiality Claims or Requests

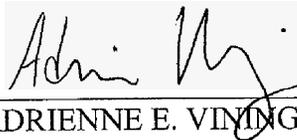
Staff has no pending confidentiality claims or requests.

g. Compliance with Order No. PSC-04-0161-PCO-EI.

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

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Respectfully submitted this 18th day of October, 2004.



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GPIF REWARDS/PENALTIES
January 2003 to December 2003

<u>Utility</u>	<u>Amount</u>	<u>Reward/Penalty</u>
Florida Power and Light Company	\$ 6,615,282	Reward
Gulf Power Company	\$ 625,280	Reward
Progress Energy Florida	\$ 2,139,695	Reward
Tampa Electric Company	\$ 3,678,414	Penalty

<u>Utility/ Plant/Unit</u>	<u>EAF</u>		<u>Heat Rate</u>	
	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
FPL				
Cape Canaveral 2	89.5	89.5	9,030	9,044
Fort Lauderdale 4	91.7	93.3	7,435	7,454
Fort Lauderdale 5	90.3	92.7	7,366	7,416
Manatee 2	87.7	91.1	9,862	9,888
Martin 1	91.8	95.9	9,546	9,453
Martin 2	83.5	86.9	9,590	9,534
Martin 3	92.8	77.0	6,829	7,009
Martin 4	93.8	88.1	6,753	6,903
Turkey Point 1	85.1	86.3	9,128	9,191
Turkey Point 2	94.9	93.3	9,512	9,424
Turkey Point 3	85.4	88.0	11,148	11,084
Turkey Point 4	85.4	91.8	11,119	11,132
St. Lucie 1	93.6	100.0	10,834	10,824
St. Lucie 2	85.4	85.6	10,843	10,878
Scherer 4	93.6	93.9	9,992	9,958

<u>Gulf</u>	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
Crist 4	91.2	92.3	10,591	10,780
Crist 5	89.8	91.4	10,418	10,529
Crist 6	84.3	89.4	10,501	10,400
Crist 7	79.5	89.5	10,150	10,207
Smith 1	86.8	83.2	10,029	10,300
Smith 2	67.8	69.3	10,113	10,103
Daniel 1	70.1	73.4	10,042	9,821
Daniel 2	83.0	89.2	9,789	9,634

<u>PEF</u>	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
Anclote 2	89.8	90.1	10,091	10,179
Crystal River 1	90.8	91.3	9,742	9,965
Crystal River 2	62.6	70.1	9,566	9,672
Crystal River 3	89.0	89.5	10,327	10,249
Crystal River 4	91.6	96.8	9,323	9,341
Crystal River 5	94.6	95.5	9,340	9,391
Hines 1	85.8	86.6	7,259	7,314

GPIF REWARDS/PENALTIES
January 2003 to December 2003

<u>Utility/ Plant/Unit</u>	<u>EAF</u>		<u>Heat Rate</u>	
	<u>Target</u>	<u>Adjusted Actual</u>	<u>Target</u>	<u>Adjusted Actual</u>
<u>TECO</u>				
Big Bend 1	69.9	61.2	10,533	10,884
Big Bend 2	63.0	58.1	10,111	10,522
Big Bend 3	67.3	60.1	10,132	10,678
Big Bend 4	77.7	72.0	10,028	10,297
Gannon 5	71.9	78.3	10,862	10,400
Gannon 6	75.9	63.2	10,775	11,600
Polk 1	74.6	67.5	10,382	10,547

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery
clause with generating performance incentive
factor.

DOCKET NO. 040001-EI

DATED: OCTOBER 18, 2004

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of STAFF'S PREHEARING
STATEMENT was furnished to the following, by U.S. Mail, on this 18th day of October, 2004:

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PAGE 2

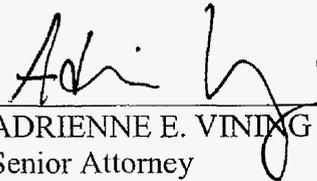
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