

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF STAFF WORKSHOP

TO

FLORIDA POWER & LIGHT COMPANY
FLORIDA PUBLIC UTILITIES COMPANY
GULF POWER COMPANY
PROGRESS ENERGY FLORIDA, INC.
TAMPA ELECTRIC COMPANY
FLORIDA INDUSTRIAL POWER USERS GROUP
OFFICE OF PUBLIC COUNSEL

AND

ALL OTHER INTERESTED PERSONS

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

ISSUED: December 23, 2004

NOTICE is hereby given that the Staff of the Florida Public Service Commission will conduct a workshop, in the above-referenced docket, to which all persons are invited, at the following time and place:

Wednesday, January 12, 2005, 9:30 A.M. – 5:00 P.M.
Room 148, Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida

If you wish to participate by phone, you may call **850-488-2854** or **278-2854 SUNCOM** the day of the workshop at 9:30 a.m.

PURPOSE

The purpose of this workshop is to discuss proposed capacity cost recovery schedules and additional questions to be addressed in final true-up testimony, to identify inconsistent Schedule A and E filings among the four generating utilities, and to clarify the true-up issues for the fuel hearing. Additional information about each of the topics scheduled for discussion at the workshop is attached to this notice. Please file a copy of any proposed capacity cost recovery schedules and any additional information you intend to distribute at the workshop, as well as any comments you may have on the information attached to this notice, by **January 7, 2005**.

DOCUMENT NUMBER-DATE

13462 DEC 23 04

FPSC-COMMISSION CLERK

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If you wish to comment but cannot attend the workshop, please file your comments with the Division of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, on or before January 19, 2005, specifically referencing the docket number listed above.

A copy of the agenda for this workshop is attached. Additional copies may be obtained by writing to the Director, Division of the Commission Clerk and Administrative Services, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770, at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

One or more of the Commissioners of the Florida Public Service Commission may attend and participate in this workshop.

JURISDICTION

Jurisdiction is vested in this Commission pursuant to Chapter 366, Florida Statutes. The workshop will be governed by the provisions of that Chapter and Chapters 25-6, 25-17, 25-22 and 28-106, Florida Administrative Code.

By DIRECTION of the Florida Public Service Commission this 23rd day of December, 2004.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(SEAL)

AEV/RAM

A G E N D A

FLORIDA PUBLIC SERVICE COMMISSION STAFF WORKSHOP

DOCKET NO. 040001-EI – Fuel And Purchased Power Cost Recovery Clause With Generating Performance Incentive Factor

**9:30 a.m., Wednesday, January 12, 2005
Room 148, Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida**

- I. Presentation of Proposed Capacity Cost Recovery Schedules (See Document No. 1)
 - A. FIPUG
 - B. FPL
 - C. PEF
 - D. TECO
 - E. Gulf
 - F. OPC
 - G. Staff
- II. Additional questions to be addressed in final true-up testimony (See Document No. 2)
- III. Identifying inconsistent Schedule A & E filings among the four generating utilities (See Document No. 3)
- IV. Clarifying true-up issues for fuel hearing (See Document No. 4)
- V. Other comments

**CONSISTENT WITH COMMISSION POLICY,
THIS MEETING IS OPEN TO THE PUBLIC.**

Docket No. 050001-EI
Fuel and Purchased Power Cost Recovery Clause and
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Document No. 1

Capacity Cost Schedules

Objectives

Discuss the form and substance of the information requested by FIPUG:

For charges and credits that flow through the capacity cost recovery clause, each utility should file schedules in the same format for jurisdictional wholesale capacity transactions with the same frequency as the schedules for wholesale energy transactions. (*i.e.*, Schedules A6 through A9, and Schedules E6 through E9)

Discuss what the companies can do to provide such information. Each party's presentation should include:

1. Types of data (*e.g.*, name of counterparty, capacity purchased or sold, cost) that is requested, have been provided, or will provide;
2. The reason why there should or should not be confidential treatment of the data that is requested, have been provided, or will provide; and
3. Format and frequency of filing of the data that is requested, have been provided, or will provide.
4. The way the data is made available (*i.e.*, through discovery or standard filing).

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Staff requests that each utility respond directly to the following questions within its testimony detailing its final true-up amount in the fuel and purchased power cost recovery clause for the prior year:

1. How did (FPL/PEF/TECO/Gulf)'s fuel costs for system generation compare with market prices for natural gas, residual oil, distillate oil, (nuclear energy for FPL and PEF) and coal during 2004?
2. How did (FPL/PEF/TECO/Gulf/FPUC)'s unit costs for its wholesale energy purchases compare with the market price for the type(s) of wholesale energy that (FPL/PEF/TECO/Gulf/FPUC) purchased during 2004?
3. How did (FPL/PEF/TECO/Gulf)'s unit revenues for its wholesale energy sales compare with the market price for the type(s) of wholesale energy that (FPL/PEF/TECO/Gulf) sold during 2004?
4. Given (FPL/PEF/TECO/Gulf)'s system resources, how efficiently did (FPL/PEF/TECO/Gulf) dispatch those system resources to achieve an optimal level of total fuel and net transactions costs?

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A Schedule Reporting Differences

1. FPL reports the MWH data for net generation on a fiscal month basis (e.g., Aug 28 to Sept 27), but the MWH data used to calculate the capacity factor and equivalent availability factor on a calendar month basis (e.g., Sept 1 to Sept 30). For September 2004, the difference in the capacity factor using these 2 sets of MWH data was more than 10% different for FPL's St Lucie Units 1 & 2. PEF, Tampa Electric, and Gulf Power report their data on a calendar month basis only.
2. On Schedule A3, Gulf Power reports natural gas and light oil by three individual sub-categories, but does not report a total by fuel type. The other three investor-owned utilities report total cost by fuel type.
3. The investor-owned utilities inconsistently report their use of light oil and natural gas for starter fuel at coal or nuclear plants on Schedule A4. On Schedule A4, Gulf Power, FPL, and PEF identify distillate oil used as a starter fuel for coal-fired plants as a separate item. PEF identifies distillate oil as a starter fuel for Crystal River Unit 3 as a separate item. Tampa Electric includes such fuel cost into the cost for coal-fired generation. In addition, Gulf Power identifies natural gas used for starter fuel at its coal-fired plants as a separate item. The other investor-owned utilities include those fuel costs into the cost of coal-fired or nuclear generation.
4. The investor-owned utilities do not consistently report their wholesale energy purchases on Schedules A7 and A9. Tampa Electric reports its wholesale energy purchases on Schedule A7 only. Gulf Power reports its wholesale energy purchases on Schedule A9 only. FPL and PEF report their wholesale energy purchases on both schedules.
5. Tampa Electric estimates its costs associated with wholesale energy purchases on Schedule A7, and trues-up to actual costs in the following month. FPL, PEF, and Gulf reports their actual costs with no true-up.

6. Summary of Fuels Included for Coal in Report Categories

	GULF	FPL	PEF	TEC
Dollars	Scherer & non-Scherer subtotals	TC	TC	TC + LF
MWH	TC + LF	TC	TC	TC + LF
Units	non-Scherer only	Non-Scherer only	TC	TC
BTU	TC + LF	TC	TC	TC + LF
MIX (MWH)	Same as MWH	Same as MWH	Same as MWH	Same as MWH
\$/ Unit	non-Scherer only	Non-Scherer only	TC	(TC+LF)/TC
\$/MMBtu	TC + LF	TC	TC	TC + LF
BTU/KWH	TC + LF	TC	TC	TC + LF
Cents/KWH	TC + LF	TC	TC	TC + LF

- A. FPL and TEC coal includes petcoke; PEF and GULF don't use petcoke
- B. TC = Total Coal (including petcoke)
- C. LF = Lighter Fuel
- D. Gulf and FPL each own a portion of a Plant Scherer Unit in Georgia. The contract is based on cost related to BTUs and only BTUs are reported, with no units data (tons) reported. For this reason the units and \$/tons categories on the A3 schedules for those utilities only include the information for non-Scherer units.
- E. Although the relative dollars for light oil or natural gas used as lighter fuel at coal units is small compared to coal dollars, there are considerable differences by category as to how lighter fuel is reported.

E Schedule Reporting Differences – August filing

1. PEF filed E schedules for August through December. FPL, Tampa Electric, and Gulf Power filed E schedules for July through December.
2. Also, FPL, PEF, and Tampa Electric did not file Schedules E1-A and CCE-1A. FPL, PEF, and Gulf Power did not file Schedule E2. FPL and Gulf did not file Schedules E3 through E9.

E Schedule Reporting Differences – September filing

1. FPL, PEF, Tampa Electric, and Gulf include different information on their respective Schedule E10.
2. PEF does not report its “Jurisdictional Total Fuel and Net Power Transactions” on Schedule E2.

Mid-course Correction Reporting Differences

1. For its two most recent mid-course corrections (i.e., February and June 2003), FPL did not file Schedules E4 through E9.
 2. For its most recent mid-course correction (i.e., February 2003), PEF did not file Schedules E2 and E5 through E9.
 3. For its most recent mid-course correction (i.e., February 2003), Tampa Electric did file Schedules E1 through E10.
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Prior Year True-up Amounts

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

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

Proposed Definition

Difference between a utility's actual end-of-period true-up balance and the utility's estimated end-of-period true-up balance (including impact of mid-course corrections). The true-up amount from the prior year that the utility has not collected from/refunded to its ratepayers as reflected in the utility's levelized fuel (or capacity) cost factor.

Current Year True-up Amounts

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

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

Proposed Definition

The estimated end-of-period true-up amount (including impact of mid-course corrections) for the current year comprised of six (or seven) months of actual data and six (or five) months of re-projected data.

True-up Amount Collected/Refunded in Next Recovery Period

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

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?

Proposed Definition

The amount of the utility's total true-up balance that the utility will collect from/refund to its ratepayers during the next recovery period. Typically, the utility collects from/refunds to its ratepayers an amount equal to the sum of Issues 1 and 2 (or 24 and 25), unless a party requests and the Commission approves a recovery period greater than one year.

Total Projected Fuel and Purchased Power (or Capacity) Costs (New Issues)

ISSUE 5: What are the appropriate projected net fuel and purchased power costs for the period January 2005 through December 2005?

ISSUE 27: What are the appropriate projected net purchased power capacity costs for the period January 2005 through December 2005?

Proposed Definition

All fuel and purchased power (or capacity) charges and credits estimated for the projected recovery period.

Total Recoverable Costs as reflected in Rates

ISSUE 6: 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?

ISSUE 28: 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?

Proposed Definition

All charges and credits from any source that the utility reflects in its levelized fuel (or capacity) cost recovery factor. This amount includes the impact of true-up balances and GPIF rewards/penalties.