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October 26, 2000

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RECORDS AND REPORTING

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. 000001-EI

Dear Ms. Bayo:

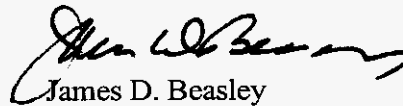
Enclosed for filing in the above docket are the original and ten (10) copies of Tampa Electric Company's Prehearing Statement.

Also enclosed is a diskette containing the above document generated in Word and 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.

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

RECEIVED & FILED

  
FPSC-BUREAU OF RECORDS

- APP \_\_\_\_\_
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- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- LEG 1 cc: All parties of record (w/encls.)
- OPC \_\_\_\_\_
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- SEC \_\_\_\_\_
- SER Botman
- OTH \_\_\_\_\_

DOCUMENT NUMBER - DATE

13766 OCT 26 00

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased )  
Power Cost Recovery Clause )  
And Generating Performance )  
Incentive Factor. )  
\_\_\_\_\_ )

DOCKET NO. 000001-EI  
FILED: October 26, 2000

**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>
(Direct)		
1. J. Denise Jordan (TECO)	Fuel Adjustment True-up and Projections	1, 2, 3, 4, 5, 6, 7, 8, 13D
	Capacity Cost Recovery True-up and Projections	16, 17, 18, 19, 20, 21
	Seasonal Fuel Factor Pilot Program	13E, 13F
	Wholesale Incentive Implementation	9
2. Brian S. Buckley (TECO)	GPIF Reward/Penalty and Targets/Ranges	14, 15

DOCUMENT NUMBER-DATE

**13766 OCT 26 00**

FPSC-RECORDS/REPORTING

- |    |                         |  |                    |
|----|-------------------------|--|--------------------|
| 3. | W. L. Brown<br>(TECO)   | Purchased Power Agreements;<br>Wholesale Market Conditions;<br>Purchased Power Cost of Gannon<br>Unit 6 Outage | 2, 4, 9, 10        |
| 4. | Rod Burkhardt<br>(TECO) | Affiliated Coal and Transportation<br>Costs  | 13A, 13B, 13C, 13D |

**C. EXHIBITS:**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>          </u> (JDJ-2)	Jordan	Fuel Cost Recovery January 2000 - May 2000
<u>          </u> (JDJ-3)	Jordan	Fuel Adjustment Projection January 2000 – December 2000
<u>          </u> (JDJ-3)	Jordan	Capacity Cost Recovery, January 2000– December 2000
<u>          </u> (JDJ-4)	Jordan	Capacity Cost Recovery, Projected January 2001 – December 2001
<u>          </u> (BSB-1)	Buckley	Generating Performance Incentive Factor Results January 1999 – December 1999
<u>          </u> (BSB-2)	Buckley	Generating Performance Incentive Factor Estimated January 2001 – December 2001
<u>          </u> (RB-1)	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 and projection calculations, including the proposed fuel adjustment factor of 2.500 cents per KWH before application of factors which adjust for variations in line losses; the proposed capacity cost recovery factor of 0.202 cents per KWH before applying

the 12CP and 1/13<sup>th</sup> application methodology; a GPIF penalty of \$1,151,236 and approval of the company's proposed GPIF targets and ranges for the forthcoming period. Tampa Electric also requests approval of its proposed seasonal fuel factor program and the company's proposed implementation of the wholesale incentive benchmark mechanism and the calculated benchmark of \$4,648,490 for calendar year 2001.

## **E. STATEMENT OF ISSUES AND POSITIONS**

### **Generic Fuel Adjustment Issues**

**ISSUE 1:** What is the appropriate final fuel adjustment true-up amounts for the period January, 1999 through December 1999?

**TECO:** \$8,662,661 underrecovery, as approved in Order No. PSC-00-1081-PCO-EI. (Witness: Jordan)

**ISSUE 2:** What are the appropriate estimated fuel adjustment true-up amounts for the period January 2000 through December 2000?

**TECO:** \$42,721,321 underrecovery. (Witness: Brown, Jordan)

**ISSUE 3:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2001 to December 2001?

**TECO:** \$42,721,321 underrecovery. (Witness: Jordan)

**ISSUE 4:** What are the appropriate levelized fuel cost recovery factors for the period January 2001 to December 2001?

**TECO:** The appropriate factor is 2.500 cents per KWH before the normal application of factors that adjust for variations in line losses. (Witnesses: Brown, Buckley, Burkhardt and Jordan)

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

**TECO:** The new factors should be effective beginning with the specified billing cycle and thereafter for the period January 2001 and thereafter through the last billing cycle for December 2001. The first billing cycle may start before January 1, 2001 and the last billing cycle may end after December 1, 2001, so long as each customer is

billed for 12 months regardless of when the factors became effective. (Witness: Jordan)

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	1.0035
Group A1*	N/A
Group B	1.0009
Group C	0.9792

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

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

<u>TECO:</u>	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.509	3.494	2.080
Group A1	2.292	N/A	N/A
Group B	2.502	3.485	2.075
Group C	2.448	3.410	2.030

(Witness: Jordan)

ISSUE 8: What is the appropriate revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of January 2001 to December 2001?

TECO: 1.00072 cents/KWH. (Witness: Jordan)

ISSUE 9: How should the Commission's decision as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, concerning the application of incentives to wholesale energy sales, be implemented?

TECO: The benchmark should be calculated using a rolling three-year average of the company's gains on nonseparated wholesale sales, excluding emergency sales. The company's projected 2001 benchmark should be the three-year average of gains for 1998, 1999 and the estimated/actual for 2000, to be trued up in the April 2001 true-up filing. The appropriate use of the benchmark is described in the testimony of Tampa Electric witness Denise Jordan. (Witness: Jordan)

ISSUE 10: What is the appropriate estimated benchmark level for calendar year 2001 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 881779-EI, issued September 26, 2000, for each investor-owned electric utility?

TECO: \$4,648,490. (Witness: Jordan)

### Company-Specific Fuel Adjustment Issues

#### Florida Power & Light Company

ISSUE 11A: Should the Commission allow Florida Power & Light to collect its estimated/actual true-up underrecovery for calendar year 2000 over a two-year period, commencing in 2001?

TECO: No position.

ISSUE 11B: What is the appropriate regulatory treatment of the remainder of the estimated/actual true-up underrecovery that would be included for recovery in the fuel cost recovery factor for calendar year 2002?

TECO: No position.

ISSUE 11C: What is the appropriate regulatory treatment for the \$222.5 million payment to settle litigation between FPL and Okeelanta Cogen and Osceola Cogen as approved by the Commission in Order No. PSC-00-xxxx-PAA-EI, in Docket No. 000982-EI, issued October xx, 2000??

TECO: No position.

#### Florida Power Corporation

ISSUE 12A: 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 1998?

TECO: No position.

ISSUE 12B: Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

TECO: No position.

ISSUE 12C: Has Florida Power Corporation properly calculated the 1998 price for waterborne transportation services provided by Electric Fuels Corporation?

TECO: No position.

ISSUE 12D: Should the Commission allow Florida Power Corporation to collect its estimated/actual true-up underrecovery for calendar year 2000 over a two-year period, commencing in 2001?

TECO: No position.

ISSUE 12E: What is the appropriate regulatory treatment of the remainder of the estimated/actual true-up underrecovery that would be included for recovery in the fuel cost recovery factor for calendar year 2002?

TECO: No position.

ISSUE 12F: Should the Commission approve Florida Power Corporation's proposed regulatory treatment for its wholesale power supply agreements with Seminole Electric Cooperative?

TECO: No position.

Tampa Electric Company

ISSUE 13A: What is the appropriate 1999 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company?

TECO: \$45.07/Ton. (Witness: Burkhardt)

ISSUE 13B: Has Tampa Electric Company adequately justified any costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1999 benchmark price?

TECO: No justification is necessary, as Tampa Electric is not seeking recovery of any costs associated with the purchase of coal from Gatliff that exceed the 1999 benchmark. (Witnesses: Burkhardt)

ISSUE 13C: What is the appropriate 1999 waterborne coal transportation benchmark prices for transportation services provided by affiliates of Tampa Electric Company?

TECO: \$25.85/Ton. (Witness: Burkhardt)

ISSUE 13D: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 1999 waterborne transportation benchmark price?

TECO: No justification is necessary, as Tampa Electric is not seeking recovery of any costs associated with transportation services provided by affiliates that exceed the 1999 benchmark. (Witnesses: Burkhardt)

ISSUE 13E: Should the Commission approve Tampa Electric's request to implement an experimental pilot program that offers optional seasonally-differentiated fuel factors for customers on interruptible rate schedules?

TECO: Yes, for the reasons stated and in the manner described in the prepared direct testimony of Tampa Electric witness J. Denise Jordan. (Witness: Jordan)

ISSUE 13F: If the Commission approves Tampa Electric's request to implement an experimental pilot program in Issue 13E, what is the appropriate regulatory treatment of any revenue differential that may occur during the pilot program?

TECO: Any differential should be recovered through the normal true-up process. (Witness: Jordan)

#### **Generic Generating Performance Incentive Factor Issues**

ISSUE 14: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January, 1999 through December, 1999 for each investor-owned electric utility subject to the GPIF?

TECO: A penalty of \$1,151,236. (Witness: Buckley)

ISSUE 15: What should the GPIF targets/ranges be for the period January, 2002 through December, 2002 for each investor-owned electric utility subject to the GPIF?

TECO: The appropriate targets and ranges are shown in Document No. 2 of Exhibit (BSB-2) to the prefiled testimony of Mr. Brian S. Buckley, also attached hereto as Attachment "A". (Witness: Buckley)

#### **Generic Capacity Cost Recovery Factor Issues**

ISSUE 16: What are appropriate final capacity cost recovery true-up amounts for the period January, 1999 through December, 1999?

TECO: Underrecovery of \$94,943, as approved in Order No. PSC-00-1081-PCO-EI. (Witness: Jordan)

ISSUE 17: What is the appropriate estimated capacity cost recovery true-up amounts for the period January, 2000 through December, 2000?

TECO: \$1,997,239 overrecovery for Tampa Electric Company. (Witness: Jordan)



ISSUE 18: What is the appropriate total capacity cost recovery true-up amount to be collected/refunded during the period January, 2001 through December, 2001?

TECO: \$1,977,239 overrecovery. (Witness: Jordan)

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, 2001 through December, 2001?

TECO: \$34,581,074. (Witness: Jordan)

ISSUE 20: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January, 2001 through December 2001?

TECO: 97.40171%. (Witness: Jordan)

ISSUE 21: What are the projected capacity cost recovery factors for the period January, 2001 through December, 2001?

TECO: 0.202 cents per KWH before applying the 12 CP and 1/13 allocation methodology, and producing the capacity recovery factors by rate schedule. (Witness: Jordan)

**F. STIPULATED ISSUES**

TECO: None at this time.

**G. MOTIONS**

TECO: None at this time.

**H. OTHER MATTERS**

TECO: None at this time.

DATED this 26<sup>th</sup> day of October, 2000.

Respectfully 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 26<sup>th</sup> day of October, 2000 to the following:

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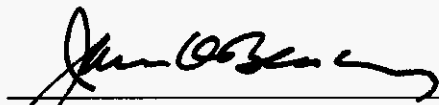
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\_\_\_\_\_  
ATTORNEY

**TAMPA ELECTRIC COMPANY  
SUMMARY OF GPIF TARGETS  
JANUARY 2001 - DECEMBER 2001**

Unit	Availability			Net Heat Rate
	EAF	POF	EUOF	
Big Bend 1	69.9	13.4	16.7	10,118 <sup>1/</sup>
Big Bend 2	77.9	5.8	16.3	9,895 <sup>2/</sup>
Big Bend 3	71.8	5.8	22.4	9,932 <sup>3/</sup>
Big Bend 4	83.9	3.8	12.3	9,944 <sup>4/</sup>
Gannon 5	68.4	7.7	23.9	10,762 <sup>5/</sup>
Gannon 6	67.4	7.7	24.9	10,596 <sup>6/</sup>
Polk 1	78.5	7.7	13.8	10,146 <sup>7/</sup>

<sup>1/</sup> Original Sheet 8.401.00E, Page 14

<sup>2/</sup> Original Sheet 8.401.00E, Page 15

<sup>3/</sup> Original Sheet 8.401.00E, Page 16

<sup>4/</sup> Original Sheet 8.401.00E, Page 17

<sup>5/</sup> Original Sheet 8.401.00E, Page 18

<sup>6/</sup> Original Sheet 8.401.00E, Page 19

<sup>7/</sup> Original Sheet 8.401.00E, Page 20