

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 080001-EI

DATED: OCTOBER 13, 2008

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COMMISSION
CLERK

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-08-0148-PCO-EI, filed March 11, 2008, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Staff intends to offer the following witness:

Staff has requested an extension of time until October 14, 2008, to file testimony. Staff will file an amended prehearing statement, once testimony has been filed.

b. All Known Exhibits

Staff intends to offer the following exhibits:

Staff has requested an extension of time until October 14, 2008, to file testimony. Staff will file an amended prehearing statement, once testimony has been filed.

Staff also intends to enter a composite exhibit.

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

- COM S
- ECR
- GCL
- OPC
- RCP
- SSC
- SGA
- ADM
- CLK

ISSUE 1: What are the appropriate fuel adjustment true-up amounts for the period January 2007 through December 2007?

POSITION: Staff takes no position at this time.

DOCUMENT NUMBER-DATE

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ISSUE 2: What are the appropriate fuel adjustment true-up amounts for the period January 2008 through December 2008?

POSITION: For PEF, the 2008 final true-up amount will be subject to further review based on the Commission's decision in Docket No. 070703-EI and pursuant to Order No. PSC-07-0816-FOF-EI, issued October 10, 2007, in Docket No. 060658.

For FPL, GULF, TECO, and FPUC, staff takes no position.

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2009 to December 2009?

POSITION: Staff takes no position at this time.

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 2009 through December 2009?

POSITION: The appropriate revenue tax factor for each IOU is 1.00072.

ISSUE 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009?

POSITION: Staff takes no position at this time.

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January 2009 through December 2009?

POSITION: Staff takes no position at this time.

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?

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POSITION:

FPL:

FP&L		Line Loss
GROUP	RATE SCHEDULES	Multipliers
A	RS-1, first 1,000 kwh	1.00183
A	RS-1, all additional kwh	1.00183
A	RST-1, GS-1, GST-1, SL-2, GSCU-1	1.00183
A-1	SL-1, OL-1, PL-1	1.00183
B	GSD-1, GSDT-1, CILC-1(G), HLFT (21-499kw)	1.00178
C	GSLD-1, GSLDT-1, CS-1, CST-1, HLFT (500-1,999kw)	1.00078
D	GSLD-2, GSLDT-2, CS-2, CST-2, OS-2, MET, HLFT(2,000+)	0.99318
E	GSLD-3, GSLDT-3, CS- 3,CST-3, CILC-1(T), ISST- 1(T)	0.95923
F	CILC-1(D), ISST-1(D)	0.99371
	SDTR - on-peak Jun- Sep: 3-6pm, off-peak Jun- Sep: all other hours	
B	SDTR (21-499 kw)	1.00178
C	SDTR (500-1,999 kw)	1.00106
D	SDTR (2,000+ kw)	0.99565

FPUC: Marianna: 1.0000 - All Rate Schedules
Fernandina Beach: 1.0000 - All Rate Schedules

GULF:

GULF		Line Loss
		Multiplier
E	Lighting Service	1.00000
A	RS, GS, GSD, OS-III, SBS (100 to 499 kW)	1.00526
B	LP, SBS (Contract Demand of 500 to 7499 kW)	0.98890
C	PX, PXT, RTP, SBS (Contract Demand above 7499 kW)	0.98063
D	OS-1, OS-2	1.00529

PEF:

PEF	Line Loss Multipliers
RS-1, first 1,000 kwh	1.00000
RS-1, all additional kwh	1.00000
Distribution Secondary Delivery	1.00000
Distribution Primary Delivery	0.99000
Transmission Delivery	0.98000
Lighting Service	1.00000

TECO:

TECO	Line Loss Multipliers
A RS-1, first 1,000 kwh	1.00000
A-1 RS-1, all additional kwh	1.00000
Distribution Secondary Delivery	1.00000
B Delivery	0.99000
C Distribution Primary Delivery	0.98000
D Transmission Delivery	1.00000
E Lighting Service	1.00000

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

POSITION: Staff takes no position at this time.

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

POSITION: Staff takes no position at this time.

ISSUE 10: What are the appropriate actual benchmark levels for calendar year 2008 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

POSITION: Staff takes no position at this time.

ISSUE 11: What are the appropriate estimated benchmark levels for calendar year 2009 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

POSITION: Staff takes no position at this time.

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Progress Energy Florida

ISSUE 12A: Should the Commission approve as prudent, PEF's actions to mitigate the volatility of natural gas, residual oil and purchased power prices, as reported in PEF's April 2008 and August 2008 hedging reports?

POSITION: Staff takes no position at this time.

ISSUE 12B: Should the Commission approve PEF's 2009 Risk Management Plan?

POSITION: Staff takes no position at this time.

ISSUE 12C: Does the fuel charge proposed by Progress Energy Florida contain items that do not change with the price of fuel, if so what is the amount included in its proposed fuel charge to cover these costs?

POSITION: Staff takes no position at this time.

Florida Power & Light Company

ISSUE 13A: Should the Commission approve as prudent, FPL's actions to mitigate the volatility of natural gas, residual oil and purchased power prices, as reported in FPL's April 2008 and August 2008 hedging reports?

POSITION: Staff takes no position at this time.

ISSUE 13B: Should the Commission approve FPL's 2009 Risk Management Plan?

POSITION: Staff takes no position at this time.

ISSUE 13C: With respect to the outage extension at Turkey Point Unit 3 which was caused by a drilled hole in the pressurized piping, should customers or FPL be responsible for the additional fuel cost incurred as a result of the extension?

POSITION: Staff takes no position at this time.

ISSUE 13D: Should the Commission approve FPL's proposal to reduce the Generation Base Rate Adjustment (GBRA) factor for the Turkey Point Unit 5 from 3.271 percent to 3.129%?

POSITION: Staff takes no position at this time.

ISSUE 13E: Is \$9,296,089 the appropriate true-up credit associated with the Turkey Point Unit 5 GBRA factor reduction?

POSITION: Staff takes no position at this time.

ISSUE 13F: Should the Commission approve FPL's proposed GBRA factor of 3.583 percent for the West County Energy Center (WCEC) Unit 1?

POSITION: Staff takes no position at this time.

ISSUE 13G: Should the Commission approve FPL's proposed GBRA factor of 3.154 percent for the WCEC Unit 2?

POSITION: Staff takes no position at this time.

ISSUE 13H: What is the appropriate calculation of fuel savings associated with the addition of the WCEC Units 1 and 2?

POSITION: Staff takes no position at this time.

ISSUE 13I: Should the Commission approve FPL's proposal to levelize the Residential 1000 kWh Bill by offsetting the Generation Base Rate Adjustments (GBRAs) for West County Energy Center (WCEC) Units 1 and 2 with the fuel savings attributable to these new units?

POSITION: Staff takes no position at this time.

ISSUE 13J: Should the Commission approve FPL's Long-term Agreement for Full Requirement Electric Service with Lee County Electric Cooperative as prudent and consistent with the interests of FPL's retail customers?

POSITION: No. FPL should file its request for approval of this long-term agreement as a petition in a separate (new) docket.

ISSUE 13K: May FPL recover incremental O&M costs associated with non-separated off-system sales from combined cycle and conventional steam units commencing January 1, 2009, as it currently recovers such costs associated with sales from gas turbine units?

POSITION: This treatment should be deferred until after the expiration of FPL's stipulation and settlement regarding base rates.

ISSUE 13L: Does the fuel charge proposed by FPL contain items that do not change with the price of fuel, if so what is the amount included in its proposed fuel charge to cover these costs?

POSITION: Staff takes no position at this time.

Florida Public Utilities Company

ISSUE 14A: Should the Commission approve FPUC's proposal to allocate a portion of the costs for the substation in the Northwest division to both divisions?

POSITION: Staff takes no position at this time.

Gulf Power Company

ISSUE 15A: Should the Commission approve as prudent, GULF's actions to mitigate the volatility of natural gas, residual oil and purchased power prices, as reported in GULF's April 2008 and August 2008 hedging reports?

POSITION: Staff takes no position at this time.

ISSUE 15B: Should the Commission approve Gulf's 2009 Risk Management Plan?

POSITION: Staff takes no position at this time.

Tampa Electric Company

ISSUE 16A: Should the Commission approve as prudent, TECO's actions to mitigate the volatility of natural gas, residual oil and purchased power prices, as reported in TECO's April 2008 and August 2008 hedging reports?

POSITION: Staff takes no position at this time.

ISSUE 16B: Should the Commission approve TECO's 2009 Risk Management Plan?

POSITION: Staff takes no position at this time.

ISSUE 16C: In procuring transportation contracts, has TECO complied with the requirements of Order No. PSC-04-0999-FOF-EI, issued October 12, 2004, in Docket No. 031033?

POSITION: Staff takes no position at this time.

ISSUE 16D: For 2007 and 2008, has TECO properly calculated the adjustment to coal transportation rates required by Order No. PSC-04-0999-FOF-EI, issued October 12, 2004, in Docket No. 031033?

POSITION: Staff has requested an extension of time until October 14, 2008, to file testimony. Staff will file an amended prehearing statement, once testimony has been filed.

ISSUE 16E: Should the Commission approve TECO's proposed inverted fuel factors for the residential class?

POSITION: Yes. TECO's proposed inverted residential fuel factors are appropriate.

ISSUE 16F: Should the Commission approve TECO's proposal to establish fuel factors by voltage level?

POSITION: Staff takes no position at this time.

ISSUE 16G: Does the fuel charge proposed by Tampa Electric Company contain items that do not change with the price of fuel, if so what is the amount included in its proposed fuel charge to cover these costs?

POSITION: Staff takes no position at this time.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 17: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2007 through December 2007 for each investor-owned electric utility subject to the GPIF?

POSITION: Staff takes no position at this time.

ISSUE 18: What should the GPIF targets/ranges be for the period January 2009 through December 2009 for each investor-owned electric utility subject to the GPIF?

POSITION: Staff takes no position at this time.

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

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 19A, 19B, 19C, and so forth, as appropriate.

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.

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 21A, 21B, 21C, 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 22A, 22B, 22C, and so forth, as appropriate.

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 23: What are the appropriate capacity cost recovery true-up amounts for the period January 2007 through December 2007?

POSITION: Staff takes no position at this time.

ISSUE 24: What are the appropriate capacity cost recovery true-up amounts for the period January 2008 through December 2008?

POSITION: Staff takes no position at this time.

ISSUE 25: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2009 through December 2009?

POSITION: Staff takes no position at this time.

ISSUE 26: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009?

POSITION: Staff takes no position at this time.

ISSUE 27: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2009 through December 2009?

POSITION:

<u>FPL:</u>	98.76048%
<u>Gulf:</u>	96.42160%
<u>PEF:</u>	Base 93.753% Intermediate 79.046% Peaking 88.979%
<u>TECO:</u>	96.30%

ISSUE 28: What are the appropriate capacity cost recovery factors for the period January 2009 through December 2009?

POSITION: Staff takes no position at this time.

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

Progress Energy Florida

ISSUE 29A: Has PEF included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 080009-EI?

POSITION: Staff takes no position at this time.

Florida Power & Light Company

ISSUE 30A: Has FPL included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 080009-EI?

POSITION: Staff takes no position at this time.

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 31A, 31B, 31C, and so forth, as appropriate.

Tampa Electric Company

ISSUE 32A: Should the Commission approve TECO's projected capacity cost recovery factors effective in May 2009 based on TECO's rate design modifications proposed in Docket No. 080317-EI?

POSITION: Not at this time. A decision in the fuel adjustment proceeding is premature. This issue will be decided in Docket No. 080317-EI, TECO's Petition For An Increase In Base Rates.

ISSUE 32B: Should the Commission approve TECO's proposal to recover capacity costs on a demand basis from demand-measured customers effective May 2009?

POSITION: Not at this time. A decision in the fuel adjustment proceeding is premature. This issue will be decided in Docket No. 080317-EI, TECO's Petition For An Increase In Base Rates.

e. Stipulated Issues

Staff is not aware of any stipulated issues at this time.

f. Pending Motions

Staff has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

Staff has no pending requests for confidentiality at this time.

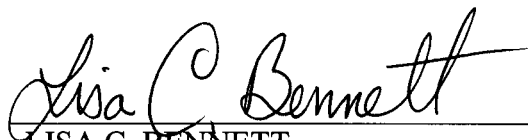
h. Objections to Witness Qualifications as an Expert

Staff has no objections to any witnesses' qualifications at this time.

i. Compliance with Order No. PSC-08-0148-PCO-EI

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

Respectfully submitted this 13th day of October, 2008.



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clause with generating performance incentive
factor.

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DATED: OCTOBER 13, 2008

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of STAFF'S PREHEARING STATEMENT has been served by electronic and U. S. mail to the following by U. S. mail this 13th day of October, 2008:

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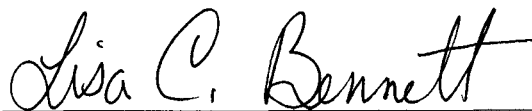
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