

AUSLEY & MCMULLEN

ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(904) 224-9115 FAX (904) 222-7560

FILE COPY

November 14, 1996

HAND DELIVERED

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. 960001-EI

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Post-Hearing Statement of Tampa Electric Company.

Also enclosed is the a 3.5" diskette containing the above document which was generated in WordPerfect 5.1 format.

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

- ACK
- AFA
- APP _____
- CAF _____
- CMU _____
- CTR _____
- ELG JDB/pp
- ENC Enclosures
- FPSC cc: All Parties of Record (w/enc.)
- REC _____
- REP _____
- WAB _____
- OTH _____

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
12158 NOV 14 1996
FPSC-RECORDS/REPORTING

ORIGINAL
FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and Purchased Power)
Cost Recovery Clause and Generating))
Performance Incentive Factor.)
_____)

DOCKET NO. 960001-EI
FILED: November 14, 1996

**TAMPA ELECTRIC COMPANY'S
POST-HEARING STATEMENT**

Tampa Electric Company ("Tampa Electric" or "the company") submits the following as its Post-Hearing Statement with respect to Issue 9 identified in Prehearing Order No. PSC-96-1100-PHO-EI:

ISSUE 9: Should an electric utility be permitted to include, for retail fuel cost recovery purposes, fuel costs of generation at any of its units which exceed, on a cents-per-kilowatt-hour basis, the average fuel cost of total generation (wholesale plus retail) out of those same units?

TECO: *While this issue, as stated, is easily misunderstood, Tampa Electric believes that wholesale sales at incremental cost are appropriate so long as there are overall system benefits. Existing review procedures are adequate to ensure this condition is met. No problem has been identified and no additional Commission processes are needed.*

The issue is unclear and easily misunderstood as it is worded. However, based on the Office of Public Counsel's Prehearing Statement from the February 1996 fuel hearing, discussions with OPC and OPC witness Larkin's testimony, Tampa Electric has come to realize that the intent of OPC's issue is to question whether it is appropriate to price off-system sales at incremental cost.

Tampa Electric believes that wholesale sales at incremental cost are in the best interest

DOCUMENT NUMBER-DATE

12158 NOV 14 8

FPSC-RECORDS/REPORTING

of retail customer, so long as there are overall system benefits. For example, the pricing of economy broker transactions throughout the state is based on incremental cost. OPC's contrary view fails to consider the entire economic benefit from off-system sales on retail customers and is based on an erroneous and artificial distinction between short-term sales and longer term separated off-system sales.

In point of fact, the Commission has previously specifically reviewed and approved Tampa Electric's use of incremental fuel cost in off-system sales transactions in prior fuel adjustment proceedings. In addition, the Commission reviewed the overall treatment of Tampa Electric's wholesale sales in the company's last rate case.

Based on the foregoing and the other considerations discussed in the direct and rebuttal testimony of Tampa Electric witness, Mr. John B. Ramil, OPC's position on this issue, as set forth in the testimony of witness Larkin, should be rejected.

WHEREFORE, Tampa Electric Company submits the foregoing as its Post-Hearing Statement with respect to Issue 9.

DATED this 14th day of November, 1996

Respectfully submitted,

HARRY W. LONG JR.
TECO Energy, Inc.
P.O. Box 111
Tampa, Florida 33601-0111

and



LEE L. WILLIS
JAMES D. BEASLEY
KENNETH R. HART
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
(904) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Post-Hearing Statement of Tampa Electric Company has been furnished by U. S. Mail or hand delivery (*) on this 14th day of November, 1996 to the following:

Ms. Vicki Johnson*
Staff Counsel
Division of Legal Services
Florida Public Service Comm'n.
101 East Gaines Street
Tallahassee, FL 32399-0863

Mr. James A. McGee
Senior Counsel
Florida Power Corporation
Post Office Box 14042
St. Petersburg, FL 33733

Mr. Joseph A. McGlothlin
Ms. Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas
117 S. Gadsden Street
Tallahassee, FL 32301

Mr. Jack Shreve
Office of Public Counsel
Room 812
111 West Madison Street
Tallahassee, FL 32399-1400

Mr. Matthew M. Childs
Steel Hector & Davis
Suite 601
215 South Monroe Street
Tallahassee, FL 32301

Mr. John W. McWhirter
McWhirter, Reeves, McGlothlin,
Davidson & Bakas
Post Office Box 3350
Tampa, FL 33601

Ms. Suzanne Brownless
Suzanne P.A.
1311-B Paul Russell Road #202
Tallahassee, FL 32301

Mr. Floyd R. Self
Messer, Vickers, Caparello,
Madsen, Lewis, Goldman & Metz
Post Office Box 1876
Tallahassee, FL 32301-1876

Mr. G. Edison Holland, Jr.
Beggs & Lane
Post Office Box 12950
Pensacola, FL 32576

Mr. Barry Huddleston
Destec Energy
2500 CityWest Blvd. Suite 150
Houston, TX 77042

Mr. William B. Willingham
Rutledge, Ecenia, Underwood,
Purnell & Hoffman
Post Office Box 551
Tallahassee, FL 32302-0551



ATTORNEY

TBC\960001#2.pha