

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel Purchased Power ) DOCKET NO. 940001-EI  
Cost Recovery Clause and ) ORDER NO. PSC-94-1502-FOF-EI  
Generating Performance Incentive ) ISSUED: December 7, 1994  
Factor. )  
\_\_\_\_\_ )

ORDER APPROVING REDUCTION OF FUEL  
ADJUSTMENT FACTOR

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chariman  
JOE GARCIA  
DIANE K. KIESLING

BY THE COMMISSION:

Florida Public Utilities Company's (FPUC or the Company) present fuel adjustment factor was approved in Order No. PSC-94-1092-FOF-EI issued on September 6, 1994. That Order approved a levelized fuel cost recovery factor of 3.646¢/kwh for FPUC's Fernandina Beach division before the adjustments for variations in line losses were made. This factor was approved for the period October 1994 through March 1995. FPUC implemented Order No. PSC-94-1092-FOF-EI and it is currently in effect.

On November 4, 1994, FPUC filed a petition for an adjustment to its currently authorized levelized fuel adjustment factor for the Fernandina Beach division. FPUC has requested this adjustment to compensate for a reduction in the Company's energy charges from its electric supplier, Jacksonville Electric Authority (JEA). Beginning December 1, 1994, FPUC will experience a 0.12¢/kwh reduction in its energy charges causing FPUC to overrecover approximately \$85,000 for the period.

Although the expected period-ending overrecovery will not exceed the Commission's 10% threshold for mid-course corrections, FPUC proposes to reduce its fuel adjustment cost recovery factor beginning with the first billing cycle in December 1994. FPUC would like to avoid having its customers contribute to an overcollection. In addition, JEA's reduction in its energy charge has been widely publicized, and FPUC believes that its customers will expect FPUC to take similar steps to reduce its charges.

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FPSC-RECORDS/REPORTING

We note that there has been no prudence review of FPUC's purchased power estimates and expenditures, and we do not necessarily agree or disagree with FPUC's figures at this time. One of the purposes of mid-course corrections, however, as described in Order No. 13694, is to assure a levelized fuel adjustment and to avoid the "rate shock" ratepayers might experience when factors are adjusted. Although there will not be a significant change in customer bills as a result of the overrecovery, we agree that FPUC's customers will benefit from the fuel factor adjustment. It is, therefore, in the best interest of the ratepayers to approve the mid-course correction prior to the prudence review which has been scheduled to take place during the March 1995 hearings.

After reviewing the factors derived for FPUC's various rate classes, we find the methods used to calculate these factors are consistent with the methods accepted in the past. Attachment A reflects the levelized, on-peak and off-peak factors for each class and compares bills for 1,000 kwh of residential consumption before and after this fuel factor adjustment.

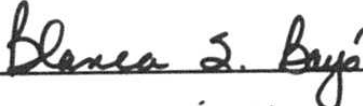
In addition, FPUC has requested that the effective date of this adjustment begin with meter readings scheduled on or after December 1, 1994. Although this effective date falls short of the normal 30-day notice requirement, such treatment is warranted given the implications of the projected overrecovery. FPUC's customers should begin receiving the fuel charge reduction at the earliest practicable time. Therefore, we approve the reduced fuel adjustment factor of 3.524¢/kwh for FPUC's Fernandina Beach division effective December 1, 1994, and continuing through March 1995.

Based on the foregoing, it is therefore

ORDERED that Florida Public Utilities Company's fuel adjustment factor shall be reduced from 3.646¢/kwh to 3.524¢/kwh, effective December 1, 1994.

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By ORDER of the Florida Public Service Commission, this 7th  
day of December, 1994.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.