BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into Affiliated Cost-Plus Fuel Supply Relationships of Florida Power Corporation - Phase I.	DOCKET NO. 860001-EI-G ORDER NO. 22401 ISSUED: 1-10-90

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON
THOMAS M. BEARD
BETTY EASLEY
GERALD L. GUNTER
JOHN T. HERNDON

ORDER APPROVING FPC'S METHODOLOGIES

BY THE COMMISSION:

CASE BACKGROUND

In February, 1986, we opened Docket No. 860001-EI-G for the purpose of investigating the affiliated cost-plus fuel supply relationships between Florida Power Corporation (FPC) and Tampa Electric Company (TECO) and their respective affiliated fuel supply corporations. Also, in February, 1986, we established Docket No. 860001-EI-F in Order No. 15895 for the purpose of determining why FPC's cost to transport coal by its affiliated waterborne system exceeded its costs to transport coal by non-affiliated rail. In September, 1987, we issued Order No. 18122, which removed TECO from Docket 860001-EI-G, established Docket No. 870001-EI-A for hearing the TECO issues, consolidated the two FPC issues for hearing in Docket No. 860001-EI-G and closed Docket No. 860001-EI-F.

By Order No. 18982, issued on March 11, 1988, we determined to bifurcate the hearings in this docket as follows: (1) the policy issue of whether a market price standard should be imposed on the recovery of costs for goods and services purchased from affiliated companies and (2) the separate issue of whether any of the monies FPC had recovered through its fuel and purchased power cost recovery clause for goods and services purchased from affiliates from 1984 to date had been imprudently or unreasonably incurred and should, therefore, be refunded to its customers. Hearings on the policy issues in this docket were held on May 11-13, 1988. Hearings on the prudence issues in this docket were held December 14-16, 1988 and April 19, 1989.

Staff's recommendation on the policy issues was considered at our September 6, 1988 Agenda Conference. As stated in Order No. 20604, issued January 13, 1989, we determined that affiliated coal purchases should be priced at market price for recovery through the utilities' fuel cost recovery clauses and that affiliated coal transportation and handling services also should be priced at "market" where it was reasonably possible to construct a market price for the goods and services being considered. We directed our Staff to conduct workshops with the affected parties for the purpose of determining how best to establish and implement these market pricing mechanisms.

Workshops with the parties were held on March 17, March 30, and April 27, 1989. Although several market methodologies were discussed, the parties could not reach an agreement on one specific market methodology. In Order No. 20604, we found that if the parties are unable to agree upon market methodologies, we would select the appropriate method or methods. Since agreement was not reached, we find that we should establish a market price, if one can be established, to determine the amount of affiliated transaction costs that will be recovered from ratepayers.

DISCUSSION

In the settlement with Tampa Electric Company (TECO) and its affiliated cost-plus fuel supply relationships, we approved a market price standard to limit cost recovery of fuel and fuel related purchases from affiliates. The market price standard was set in the form of a price cap or benchmark whereby the actual purchase price of coal and coal related transportation services will be compared to the benchmark price. Prices comparable to or below the benchmark will be allowed for cost recovery. Prices paid above the benchmark will be disallowed for cost recovery, unless justified by Tampa Electric.

In contrast, the parties to this proceeding agree that the market price established, if one can be established, should constitute the price that will be recovered for all purchases from affiliates, regardless of what the actual cost of the goods or services are. Staff Witness Pyrdol stated:

> so that what I'm recommending is that we establish the market price, as I did, and apply that market price adjusted for future events continuously over time for the transfer price of Powell Mountain coal. So whether the Powell Mountain costs are actually higher or lower than that market price,...FPC would only be allowed to pass through its rates that actual market price.

Phase I, Tr. 410-411

Staff Witness Shea agreed, stating that the market price should act as a "double-edged sword". [Phase I, Tr. 438] Occidental's witness Dr. Sansom also agreed with the "double-edged sword" concept. [Phase I, Tr. 615]

FPC's witness, Dr. Landon, recognized a market test as one approach to looking at the prudence of a utility's actions. He agreed that by beating the market test, the benefits or additional profits will flow through to the stockholders and that failing to meet the tests would subject the utility to lower profits. Dr. Landon stated concern about using the market test because although it gives the utility incentive to try and beat the standard by lowering costs, in its efforts to lower costs the utility may take some risk with respect to quality of coal or reliability of supply.

Although Dr. Landon expressed concern with a market test, FPC agrees that establishing a market price for coal is appropriate if the market price works as a "double-edged sword" whereby FPC would forego recovery of costs which exceed the market level but would earn additional profit if the costs of coal from affiliates were below the market level. Therefore, we find that we should establish a market price to determine the amount of affiliated transaction costs that will be recovered from ratepayers.

We further find that we should approve a delivered market price for Powell Mountain Joint Venture (PMJV) coal of 214¢/mmbtu or $53.50/ton effective April 1, 1989. Occidental proposes that the price of coal from PMJV should be based on the average price FPC paid for coal from A.T. Massey and Reading & Bates (Golden Oak). Although this is one way to establish a market price, we do not believe this method to be appropriate because it ignores market conditions that existed at the time the PMJV contract was executed. The Commission recognized in Phase II of this docket that the compliance coal market changed from a seller's market in 1978 to an unstable market in the period 1979 through 1981. (Order No. 21487, p. 7) Since the PMJV contract was signed in October 1980, we find that the price of PMJV coal should be based on the prices of comparable compliance coal contracts signed during that period.

This comparable coal contract method for establishing a market price for PMJV coal recognized the "vintaging" methodology recommended by Witness Pyrdol. The parties to this proceeding agree that using this methodology is appropriate for setting a market price for PMJV coal. Included as Attachment II-1 is a comparison of the coal contracts that the parties believe should be included in the calculation of a market price. Occidental has indicated its agreement to the use of either the contracts identified by Witness Pyrdol or those identified by the witness for the Office of Public Counsel (Public Counsel).

As indicated on Attachment II-1, Witness Pyrdol did not include Appalachian Power's contracts with Dal-Tex, Pittston, or Carbon Fuels coal companies. He stated that although those contracts were identified as being signed in 1980, additional information became available that indicated that actually two of the contracts were signed in 1976 and one of them in 1978. During cross examination, Mr. Pyrdol was presented with copies of two contracts, Dal-Tex and Carbon Fuels. Mr. Pyrdol agreed that those copies indicated signing dates in 1980. In addition, FPC Witness Heller testified that he had verified with a representative of Appalachian Power that those three contracts were, in fact, compliance coal contracts signed in 1980. Based on the testimony of these witnesses, we find that Appalachian Power's compliance coal contracts with Dal-Tex, Pittston and Carbon Fuels should be included in the market price calculation.

Florida Power is advocating the inclusion of three coal contracts that were signed in 1978 in the PMJV market price calculation. We find that these contracts should be excluded from the price calculation because the contracts were signed during a period of time that reflected a wholly different market than the 1979 to 1981 market during which the PMJV contract was signed. This is consistent with our finding in Phase II of this docket that "the compliance coal market changed from a sellers' market in 1979 with increasing prices to an unstable market with an uncertain price direction" (Order No. 21847, p. 7). Therefore, we find that the three contracts signed in 1978, Georgia Power/Westmoreland, Kentucky Utilities/South East Coal and Tennessee Valley Authority/Amherst, should be eliminated from the PMJV market price calculation.

Florida Power also proposes to include the Georgia Power/Blue Diamond contract in the market price calculation. Occidental contends that this contract was originally signed in 1977. However, FPC Witness Heller included the Blue Diamond contract as part of his analysis of compliance coal contracts. His analysis indicated a contract signing date of January 10, 1979. Even if the contract originally was signed in 1977 and subsequently renegotiated and executed in 1979, terms and conditions of renegotiated contracts generally reflect changes in market conditions as perceived by the buyer or seller. We find that this contract should be included in the PMJV market price calculation.

The final contract which was included by Staff Witness Pyrdol and excluded by the other parties is the Baltimore Gas and Electric JNO McCall contract. Mr. Pyrdol advocated several essential factors that must be taken into account when establishing the comparability of contracts. One of these factors was location of source or more specifically B.O.M. District 8. However, during cross examination, Mr. Pyrdol stated that coal supplied by JNO McCall to Baltimore Gas & Electric comes from B.O.M. District 3. Because this coal originates from outside the targeted location source, we find it appropriate to eliminate the contract from the PMJV market price calculation.

Attachment II-1 indicates which coal contracts should be included when determining the market price of PMJV coal. Attachment II-2 lists the comparable contracts and the 1987 weighted average ¢/mmbtu prices applicable to those contracts.

Florida Power asserts that a transportation adjustment should be included in the PMJV market price calculation. The utility contends that the adjustment is necessary to reflect the fact that the PMJV mines are more favorably located for delivery to Crystal River than most of the other coal producers whose F.O.B. mine prices are being used to calculate a market price. Staff Witness Pyrdol testified that when determining a delivered price comparable to the PMJV delivered price, "I then looked at the other coal mines I relied on to generate my market price and I estimated the additional transportation costs, if any, to deliver that coal to Crystal River and that would be factored into the market price to bring me up to a delivered price.

Occidental and Public Counsel contend that a transportation adjustment added to the market price calculation is inappropriate. Other witnesses also testified that the market price of PMJV could be established on a delivered basis by including a competitively priced transportation components. While there is evidence in the record both supporting and rejecting the transportation adjustment, no specific calculations to adjust an F.O.B. mine price were proffered. FPC Witness Heller did provide Exhibit 135 in Phase II which took the F.O.B. mine prices of comparable coal contracts and added to those prices the cost of transportation to deliver coal from each of the mines to Crystal River. As Mr. Heller testified, he primarily relied upon EFC's transportation rates to compute the delivered cost of coal to Crystal River.

The evaluation of whether or not to execute a coal contract should be based on the cost of coal on a delivered basis. We find that a market price be established by taking the F.O.B. mine price of the compliance coal contracts identified on Attachment II-1 and adding the applicable transportation rate to deliver the coal to Crystal River. The market price for 1987 would then be established by taking a weighted average of the resulting delivered price calculations. This calculation is shown on Attachment II-2.

Having established the 1987 PMJV coal base market price, the price must be escalated to the effective date of April 1, 1989 and periodically thereafter. Witness Pyrdol recommended that the base market price be adjusted annually based on the change in the Btu-weighted average delivered price paid for

1.0% sulfur, or less, coal produced in Kentucky and West Virginia and sold to electric utilities. This data can be found in the publication Cost and Quality of Fuels for Electric Utility Plants published by the U.S. Department of Energy. (Phase I, Tr. 331-332) Mr. Pyrdol acknowledged that using prices of lower sulfur compliance coal might ideally be preferred. (Phase I, Tr. 378-379) Mr. Pyrdol's recommended adjustment methodology was the only adjustment mechanism specifically addressed during the hearings. Recognizing the advantages to finding an adjustment mechanism that is representative of the compliance coal market, the parties to this proceeding agree that using compliance coal deliveries from B.O.M. District 8 to specific generating plants is appropriate. Therefore, we find that the 1987 base market price for PMJV coal should be adjusted annually by the percent change in the Btu weighted average price of contract compliance coal delivered from B.O.M. District 8 to the identified plants, as reported on FERC Form 423. We find, therefore, that the 1987 base delivered market price for PMJV coal should be 242¢/mmbtu or $60.50/ton and that the April 1, 1989 delivered price should be set at 214¢/mmbtu or $53.50/ton.

We further approve the cost allocation method for transportation and terminaling services recommended by Witness Shea. This methodology establishes a price calculated by allocating between utility and non-utility operations the affiliate's fixed cost, including a reasonable return, proportionately based on an appropriate measurement of service, such as tonnage or number of in-service barge days. Variable costs would be allocated based on actual service provided. Alternatives have been proposed for determining recoverable costs incurred by affiliated transportation companies; specifically International Marine Terminals (IMT) and Dixie Fuels Limited (DFL). In December 1977, EFC executed an affreightment contact with DFL to transport a minimum of 1.2 million tons per year by ocean-going barges. In October 1985, the contract was amended, in part, to increase the minimum tonnage to 2.4 million tons per year. In June 1977, EFC signed a terminal agreement with IMT to provide coal handling and storage services for a minimum tonnage of 1.22 million tons, plus or minus 10%, per year. As a result of a settlement agreement between EFC and IMT in 1984, a new minimum tonnage was set at 1.75 million tons per year.

Occidental's Witness Sansom proposes establishing a market test limited to the costs of arm's length transactions plus a 15% after tax return applicable to the costs of the initial investment and for EFC's original contract tonnage commitments. To establish the relevant market for EFC's second commitment to IMT and Dixie, Dr. Sansom proposes using the competing rail rate from the mine to Crystal River.

Generally, we agree that establishing a market based price is preferable for setting recoverable costs. When dealing with transportation companies, however, the availability of comparative data is severely limited. This is the major drawback to Dr. Sansom's approach. Dr. Sansom mentions two terminals that he believes are capital-intensive projects similar to IMT that he suggests provide a benchmark for a market comparison. He also describes a conversation with the operator of a barge company who purportedly would have provided barge services to EFC at a rate allowing 15% after tax earnings. Other than these references, there does not appear to be anything substantial in the record that would provide a sound basis for establishing a comparable market for transportation services. Dr. Sansom's recommended use of competing rail rates from the mine to Crystal River applicable to EFC's second minimum tonnage commitments would result in our finding that EPC had been imprudent.

At the conclusion of Phase II of this docket and as reflected in Order No. 21847, we determined that the decision to ship excess tonnage during 1984, 1985 and 1986 by water was imprudent and ordered the associated dollars to be refunded. We also found that all four barges were needed in 1987 to reliably deliver coal to Crystal River. Since any change in a pricing methodology will be effective April 1, 1989, the minimum tonnage commitments to IMT and DFL appear reasonable on a prospective basis.

Although we believe that a market based price is the most appropriate alternative, the difficulties in establishing a comparable market basis must be acknowledged. In lieu of a market price, we find that a cost allocation methodology should be employed. This methodology was proposed by Witness Shea. Public Counsel also has suggested that an equitable allocation of costs method be adopted for the initial tonnage commitments to DFL and IMT. Since we found in Phase II, that the usage of IMT was appropriate for the minimum commitment to that facility, we find that the same pricing methodology should be used for all services provided by IMT.

Using the cost allocation method, the affiliated company's product or service would be priced using a cost-plus methodology, whereby costs would be allocated proportionately between utility and non-utility operations. Fixed costs associated with utility and non-utility operations would be prorated based on an appropriate measurement of service, such as tonnage or number of in-service barge days. Fixed costs also would include a reasonable return for the affiliate. Variable costs would be directly allocated to utility and non-utility operations as incurred. In addition, as reflected in Order 20604, where third-party backhauls benefit the utility by further spreading fixed costs, the price of such a backhaul for fuel cost recovery purposes shall be equal to the variable costs of the move plus any further contribution to fixed costs.

We recognize that a decrease in non-utility business will lower the tonnage base over which fixed costs are spread thereby increasing the per ton rate to FPC ratepayers. Likewise, an increase in non-utility business will decrease the per ton rate. To ensure that the ratepayers only pay for the barge and terminal services necessary to support FPC business, we find that the cost allocation methodology should be applied to costs applicable to the four DFL barges and the IMT Phase I construction necessary to meet the minimum contract tonnages in effect on April 1, 1989. If FPC determines that additional barges or terminal facilities are necessary to support utility business, FPC will be required to seek our approval to apply the cost allocation methodology to those expanded services.

The final question is what constitutes a reasonable rate of return for the transportation service provider. It has been suggested that we review EFC's operations to determine what level of equity investment and cost rate is necessary to support the utility business. The adoption of this proposal would require us to conduct a limited type of rate case that would include EFC, IMT and DFL. It is our belief that reviewing the reasonableness and necessity of investments in a barge company and a transloading facility is outside the expertise of this body and would require the extensive use of consultants and/or possibly additional staffing. The magnitude of such an undertaking would further unnecessarily delay resolution of this issue. In addition, both of these transportation companies are partnerships and we might be required to review the proprietary business information of third parties.

Thus we find that we should initially establish the capital structure of the affiliate in a separate hearing and that the capital structure remain fixed until we change it. The most appropriate return on equity for the affiliate should be a rate set equal to the midpoint of the utility's allowed rate of return range, whether set through a rate case, a stipulated agreement, or by Commission order. Since this rate generally is reviewed on a periodic basis, it should reflect changes in economic conditions affecting all industries.

Regarding the recoverable costs of international coal purchases, the parties to this proceeding agree that these should be the result of competitive bid solicitations. Occidental, FIPUG and Public Counsel advocate that the transportation component of the delivered foreign coal price should also be competitively bid. Because of the uniqueness of the Crystal River channel, FPC has used only the barges of Dixie Fuels, an EFC affiliated company, to deliver coal from foreign sources. FPC has expressed doubt that other transportation companies could provide the shallow draft barges necessary to navigate the Crystal River channel. However, it seems reasonable to require the utility to investigate other possible water delivery options when contemplating purchases from foreign coal suppliers. We find, therefore, that the recoverable costs of international coal purchases should be the result of a competitive bid solicitation or evaluation for both the coal and the transportation services.

We further find that the recoverable cost of spot coal purchases from affiliated companies should be the result of a competitive bid solicitation or evaluation. This would ensure that the price paid for the coal is a market price. The use of a competitive solicitation is consistent with Commission approved guidelines for utility fuel procurement. We addressed spot fuel transactions in Order No.13220 stating that all spot transactions should be based upon sound management decisions with a goal of obtaining a spot purchase price at, or below, the market price at the time of purchase and should not exceed the normal contract price for similar fuel or fuel related services unless required for reliability purposes. We find that this guideline would be satisfied through a competitive bid evaluation.

Although all the parties agree on the appropriateness of a competitive bid evaluation, disagreement between the parties exists regarding the type of documentation the utility must maintain to substantiate the selection of the successful bidder. It has been our practice not to dictate to utilities how to conduct their business. The utilities always have the obligation, knowing Commission regulatory practices and philosophies, to manage their own businesses appropriately. This is evidenced in Commission Order 13220 which states that we realize that for many spot transactions the utility must commit to the purchase at a date prior to delivery and that the exact purchase price and the market price at the time of delivery may or may not be known. In the event that spot transactions do occur at a price above that of the market price or in excess of the normal contract price for similar fuel or fuel related services, and is not required for reliability purposes, it is the utility's responsibility to justify that the spot purchase was based upon sound management decisions at the time of commitment. We find that the burden of justifying selection of a particular spot coal supplier rests on the utility and that we should not dictate the specific selection documentation that must be maintained by the utility.

We further find that the recoverable costs of future contract coal purchases from affiliated companies should be the result of a competitive solicitation or evaluation. As is the case with spot coal purchases from affiliated companies, the parties to this proceeding are in agreement that future contract coal purchases from affiliated companies should result from a competitive bid solicitation process. The parties again disagree on the degree of detailed documentation that should be maintained by the utility to substantiate the selection of the successful bidder. Occidental proposes specific performance criteria that the utility must satisfy. We adopted standards for new long term fuel contracts in 1983 which apply not only to regulated utilities but to affiliates and subsidiaries of utilities or utility holding companies, as well. (Order No. 12645) We find that we should not dictate what process or documentation the utility should adopt or maintain. This should be a utility management decision. We adopted fuel procurement guidelines which specifically state that any fuel or fuel related transaction which does not meet the specific criteria set forth in the guidelines shall be denied recovery through the fuel clause by the Commission unless the utility, which has the full burden of proof, can demonstrate that the transaction is in the best interest of the ratepayer.

We further find that using the market price methodology, the delivered price of Powell Mountain coal was reasonable during the period 1984-1987. This issue was deferred during our consideration of Staff's recommendation in Phase II at the August 3, 1989 special agenda. Order No. 21847, issued as a result of that agenda states that "while the market standard recommended by Staff appears to be reasonable for application to this contract for this period, we believe it appropriate to delay a final determination of the positive or negative impact of this contract on FPC's ratepayers until after a final market standard methodology has been established in Phase I of this proceeding."

As noted above, we have selected a market price methodology and market adjustment mechanism to establish the recoverable cost of coal purchased from Powell Mountain. To determine the reasonableness of the delivered price of Powell Mountain coal for the period 1984-1987, the 1987 base market price should be adjusted for the previous years using the same adjustment mechanism that will be used on a prospective basis. This analysis shows that the delivered price of Powell Mountain coal was reasonable during the period 1984-1987.

We further find that the establishment of a market based guideline to assist us in determining the reasonably and prudently incurred fuel costs to be recovered from the customers of FPC under the fuel clause does not constitute an unconstitutional infringement upon the contractual or property rights of FPC or its affiliates. Pursuant to Chapter 366, Florida Statutes, FPC and all regulated utilities in this state, are legally entitled to rates which allow them to recover the <u>reasonable</u> operating costs and expenses necessary to the provision of that utility service and which allows them an <u>opportunity</u> to earn a fair and reasonable return on their equity capital. Fuel expenses, although usually the largest expense for an electric utility, are no different than any other expense.

While Chapter 366, Florida Statutes, also grants the Commission broad and exclusive authority to regulate public utilities including reviewing and modifying contracts entered into by those utilities, we find that no party to this docket has asked that the Commission either modify or cause FPL to abrogate its contracts. Rather, the development of a market-based standard is merely intended to serve as a standard by which reasonableness can be measured. The definition of comparable or market-based standards incorporates, among other factors, the concept of comparable coal contracts entered into at approximately the same time as were FPC's contracts and having similar terms and volumes.

In concept, the market-based guideline would operate in a manner similar to that which occurs in a small water and sewer utility which contracts to pay its president a certain annual salary with fringe benefits. In determining whether the salary and fringe benefits are reasonable, we typically examine the compensation paid to the presidents of other comparable water and sewer utilities. Assuming that the presidents have comparable duties and responsibilities, we would be correct in allowing in the utility's rates a president's salary comparable to those of like-sized utilities. No modification or abrogation of the president's employment contract is necessary, and the utility may continue to pay her the contract salary if it wants or is obliged to. However, only a reasonable salary and benefits would go into the utility's rates to be recovered from its customers. The market-based guideline would operate in exactly the manner described in the water and sewer example cited above. Use of this guideline would not require that FPC modify or alter any contracts they have with affiliates or non-affiliates. Therefore, there will be no impermissible infringement upon the contractual rights or property rights of FPC or its affiliates.

In consideration of the foregoing, it is

ORDERED that the Commission establish a market price, determine the amount of affiliated transaction costs that will be recovered from ratepayers. It is further

ORDERED that the Commission approves a delivered market price for Powell Mountain Joint Venture coal of 214¢/mmbtu or $53.50/ton effective April 1, 1989. It is further

ORDERED that the cost allocation methodology recommended by Witness Shea is hereby approved. This methodology establishes a price calculated by allocating between utility and non-utility operations the affiliate's fixed cost, including a reasonable return, proportionately based on an appropriate measurement of service, such as tonnage or number of in-service barge days. Variable costs would be allocated based on actual service provided. It is further

ORDERED that the recoverable costs of international coal purchases are to be the result of a competitive bid solicitation or evaluation for both the coal and transportation. It is further

ORDERED that the recoverable cost of spot coal purchases from affiliated companies are to be the result of a competitive bid solicitation or evaluation. It is further

ORDERED that the recoverable costs of future contract coal purchases from affiliated companies are to be the result of a competitive solicitation or evaluation. It is further

ORDERED that the delivered price of Powell Mountain coal was reasonable during the period 1984-1987. It is further

ORDERED that the establishment of a market-based guideline to assist the Commission in determining the reasonably and prudently incurred fuel costs to be recovered from the customers of FPC under the fuel clause does not constitute an unconstitutional infringement upon the contractual or property rights of FPC or its affiliates. It is further

ORDERED that this docket be closed after the time has run in which to file a petition for reconsideration or notice of appeal if such action is not taken.

By ORDER of the Florida Public Service Commission, this 10th day of JANUARY, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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by: Kay Flynn
Chief, Bureau of Records

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 or sewer 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 Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

COMPLIANCE COAL CONTRACTS PROPOSED FOR PMJV MARKET PRICE

Line No.	Utility	Plant	Supplier	Contract Execution Date	Occidental Public Counsel FIPUG	Florida Power Corporation	Staff Witness Pyrdol	Staff Recommendation
1	Appalachian Power	Mountaineer	Dal-Tex Coal Corp	01-Jan-80	X	X		X
2	Appalachian Power	Mountaineer	Pittston	15-Jul-80	X	X		X
3	Appalachian Power	Mountaineer	Westmoreland Coal	02-Oct-80	X	X	X	X
4	Appalachian Power	Mountaineer	Witcher Creek Coal	21-Nov-80	X	X	X	X
5	Appalachian Power	Mountaineer	Carbon Coals	01-Oct-80	X	X		X
6	Baltimore Gas & Electric	Brandon Shores	Eastern Associated Coal	11-Jun-81	X	X	X	X
7	Baltimore Gas & Electric	Brandon Shores	Reading & Bates	22-Jun-81	X	X	X	X
8	Baltimore Gas & Electric	Brandon Shores	Ashland Coals, Inc.	23-Jun-81	X	X	X	X
9	Cincinnati Gas & Elec.	Miami Fort	Hansford Coal Co.	01-Jan-79	X	X	X	X
10	Cincinnati Gas & Elec.	Miami Fort	Capitol Fuels	01-Jul-79	X	X	X	X
11	Cincinnati Gas & Elec.	Miami Fort	Gilbert Import Hardwoods	01-Jul-79	X	X	X	X
12	Consumers Power	Campbell	A.T. Massey	01-Apr-79	X	X	X	X
13	Clev. Elec. Illum.	Lake Shore	Mapco	20-Apr-79	X	X	X	X
14	Baltimore Gas & Electric	Brandon Shores	JNO McCall	15-Jun-81			X	
15	Georgia Power	Scherer	Blue Diamond	10-Jan-79		X		X
16	Georgia Power	Scherer	Westmoreland	03-Apr-78		X		
17	Kentucky Utilites	Ghent	South East Coal	30-Jun-78		X		
18	Tennessee Valley Auth.	Shawnee	Amherst	25-Aug-78		X		

Note: If a vintaging method is used, Occidental, Public Counsel and FIPUG agree with the contracts used by Staff Witness Pyrdol or, alternatively, the contracts indicated.

ATTACHMENT II-2

CONTRACT PRICES FOR 1979-81 B.O.M. 8 COMPLIANCE COALS DELIVERED TO CRYSTAL RIVER

Line No.	Utility	Plant	Supplier	Contract Execution Date	Contract Tonnage (000)	Delivered Price (cents/mmbtu) 1987
1	Appalachian Power	Mountaineer	Dal-Tex Coal Corp	01-Jan-80	1,000	262
2	Appalachian Power	Mountaineer	Pittston	15-Jul-80	1,000	253
3	Appalachian Power	Mountaineer	Westmoreland Coal	02-Oct-80	600	240
4	Appalachian Power	Mountaineer	Witcher Creek Coal	21-Nov-80	300	227
5	Appalachian Power	Mountaineer	Carbon Fuels	01-Oct-80	240	231
6	Baltimore Gas & Electric	Brandon Shores	Eastern Associated Coal	11-Jun-81	350	204
7	Baltimore Gas & Electric	Brandon Shores	Reading & Bates	22-Jun-81	300	186
8	Baltimore Gas & Electric	Brandon Shores	Ashland Coals Inc	23-Jun-81	300	208
9	Cincinnati Gas & Elec.	Miami Fort	Hansford Coal Co	01-Jan-79	420	247
10	Cincinnati Gas & Elec.	Miami Fort	Capitol Fuels	01-Jul-79	240	235
11	Cincinnati Gas & Elec.	Miami Fort	Gilbert Import Hardwoods	01-Jul-79	240	228
12	Consumers Power	Campbell	A.T. Massey	01-Apr-79	720	200
13	Cleveland Elec. Illum	Lake Shore	Mapco	20-Apr-79	250	241
14	Georgia Power	Scherer	Blue Diamond	10-Jan-79	500	350
	TOTAL/WEIGHTED AVERAGE				6,460	242
	FLORIDA POWER	CRYSTAL RIVER	POWELL MOUNTAIN	22-Oct-80		236

Source: Exhibit 135