

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

January 6, 1994

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING [TRIBBLE]
FROM : DIVISION OF ELECTRIC AND GAS [DUDLEY, BERG, SHEA] ^{ED. WBB}
DIVISION OF LEGAL SERVICES [CANZANO, BROWN] ^{CSA} ₂ ^{MCB} ^{Trif} ^{JOJ}
RE : DOCKET NO. 940001-BI - PETITION OF FLORIDA POWER & LIGHT
FOR ADJUSTMENT TO ITS FUEL ADJUSTMENT FACTORS.
AGENDA: 1/18/94 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\EAG\WP\940001.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant the petition for a decrease in Florida Power & Light's levelized recovery factor from 1.811 cents per kWh to 1.582 cents per kWh?

RECOMMENDATION: Yes. The Commission should approve the decreased fuel factor of 1.582 cents per kWh effective for meter readings scheduled to be read on or after February 1, 1994 and continuing through March 1994.

STAFF ANALYSIS: On January 4, 1994, Florida Power & Light (FPL) filed a petition for adjustment to its currently authorized levelized fuel adjustment factor for the period October 1993 through March 1994. The calculation of FPL's October through March fuel adjustment factor approved at the August hearings included a projected overrecovery of \$8,421,453 in the April through September 1993 period. Actual data now available for April through November 1993 and revised projections for December 1993 through March 1994 indicate a total overrecovery of \$133,564,478 by the end of the current recovery period, or \$125,143,025 greater than the estimate included in the current fuel adjustment factor.

DOCUMENT NUMBER-DATE

00214 JAN-6 94

FPSC-RECORDS/REPORTING

Docket No. 940001-EI
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FPL's anticipated period-ending overrecovery is in excess of the Commission's 10% threshold for mid-course corrections (Order No. 13694, Docket No. 840001-EI, issued September 20, 1984). FPL is proposing to correct this overrecovery by implementing a reduced fuel factor based on current projections for the February 1994 through September 1994 period. Normally, the currently approved fuel factor would only continue through March 1994 and a new factor would be set for the April through September 1994 period during the March 1994 fuel adjustment hearing. FPL is asking the Commission to set a new fuel adjustment factor for the April through September 1994 period in this petition instead of waiting to do so in the normally scheduled March hearing. Although the next period projections are due on January 18, 1994, and will probably not change from those included in this petition, we believe it is inappropriate to preapprove a fuel adjustment factor absent a previously noticed prudence review hearing. Therefore, Staff recommends only approving the proposed fuel adjustment factor for the two month period of February through March 1994 and suggests it is more appropriate for FPL to justify the continued reasonableness of the proposed factor for the next projection period, April through September 1994, during the March hearings.

The projected overrecovery is due to an approximate \$100 million variance in fuel costs offset somewhat by an approximate \$23 million decrease in projected fuel revenues. These variances were primarily caused by lower than projected natural gas prices, lower than projected interchange costs, and increased system generation being more economical than purchased power transactions or economy purchases.

We note that there has been no prudence review of FPL's fuel estimates and expenditures and we do not necessarily agree or disagree with FPL's figures at this time. However, one of the purposes of mid-course corrections as described in Order No. 13694 is to assure a levelized fuel adjustment and to avoid rate shock ratepayers experience when factors are adjusted. It is, therefore, in the best interest of the ratepayers to approve the mid-course correction without the prudence review which will take place during the March 1994 hearings.

The factors derived for FPL's various rate classes have been reviewed and we have found them to be calculated using the same methods that have been accepted in the past. Attachment A of this recommendation reflects the levelized, on-peak and off-peak factors

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for each class and compares bills for 1,000 kWh of residential consumption before and after this fuel factor adjustment.

FPL has requested an effective date beginning with meter readings scheduled to be read on or after February 1, 1994. Although this effective date falls short of the normal 30-day notice requirement, Staff believes that such treatment is warranted given the magnitude of the projected overrecovery. In doing so, FPL's customers may begin receiving this fuel charge reduction at the earliest practicable time. Based on the foregoing, Staff recommends that the Commission approve FPL's reduced fuel adjustment factor of 1.582 cents per kWh effective for meter readings scheduled to be read on or after February 1, 1994 and continuing through March 1994.

TOTAL FUEL COST FOR THE PERIOD: February 1994 - March 1994
 Note: This Schedule reflects a mid-course correction for FPL effective February 1994.

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COMPANY	PROPOSED February 1994 - March 1994			PRESENT October 1994 - January 1994			DIFFERENCE			RESIDENTIAL LINE LOSS MULTIPLIER	PROPOSED RESIDENTIAL FUEL FACTOR
	Levelized	On/Peak	Off/Peak	Levelized	On/Peak	Off/Peak	Levelized	On/Peak	Off/Peak		
Fla. Power & Light (5)	1.582	1.707	1.532	1.811	1.940	1.760	-0.229	-0.233	-0.228	1.00161	1.584
Fla. Power Corp.	1.880	2.176	1.757	1.880	2.176	1.757	0.000	0.000	0.000	1.00380	1.887
Tampa Electric	2.508	2.946	2.346	2.508	2.946	2.346	0.000	0.000	0.000	1.00640	2.524
Gulf Power	1.965	2.012	1.949	1.965	2.012	1.949	0.000	0.000	0.000	1.01228	1.989
Fla. Public											
Marianna (1)	4.887	NA	NA	4.887	NA	NA	0.000	NA	NA	1.01260	4.948
Fernandina (1)(2)	5.733	NA	NA	5.733	NA	NA	0.000	NA	NA	1.00000	5.733

COST FOR 1,000 KWH RESIDENTIAL SERVICE

PRESENT: October 1994 - January 1994

	Fla. Power & Light	Fla. Power Corp. (5)	Tampa Electric (6)	Gulf Power (7)	Florida Public Utilities	
					Marianna	Fernandina
Base	47.38	49.05	49.80	43.25	17.22	19.20
Fuel (3)	18.14	18.87	24.51	19.89	49.48	57.33
Oil Backout	0.16	NA	1.00	NA	NA	NA
Energy Conservation	2.30	5.90	1.45	0.33	0.13	0.05
Capacity Recovery	5.95	4.75	2.13	0.87	NA	NA
Gross Receipts Tax (4)	0.76	2.01	2.02	0.66	0.69	0.79
Total	\$74.69	\$80.58	\$80.91	\$65.00	\$67.52	\$77.37

PROPOSED: February 1994 - March 1994

	Fla. Power & Light	Fla. Power Corp.	Tampa Electric	Gulf Power	Florida Public Utilities	
					Marianna	Fernandina
Base	47.38	49.05	49.80	43.25	17.22	19.20
Fuel (3)	15.84	18.87	24.51	19.89	49.48	57.33
Oil Backout	0.16	NA	1.00	NA	NA	NA
Energy Conservation	2.30	5.90	1.45	0.33	0.13	0.05
Environmental Cost Recovery	N/A	N/A	N/A	N/A	N/A	N/A
Capacity Recovery	5.95	4.75	2.13	0.87	NA	NA
Gross Receipts Tax (4)	0.73	2.01	2.02	0.66	0.69	0.79
Total	\$73.36	\$80.58	\$80.91	\$65.00	\$67.52	\$77.37

DIFFERENCE	Fla. Power & Light	Fla. Power Corp.	Tampa Electric	Gulf Power	Florida Public Utilities	
					Marianna	Fernandina
Base	0.00	0.00	0.00	0.00	0.00	0.00
Fuel (3)	-2.30	0.00	0.00	0.00	0.00	0.00
Oil Backout	0.00	NA	0.00	NA	NA	NA
Energy Conservation	0.00	0.00	0.00	0.00	0.00	0.00
Capacity Recovery	0.00	0.00	0.00	0.00	NA	NA
Gross Receipts Tax (4)	-0.03	0.00	0.00	0.00	0.00	0.00
Total	-2.33	0.00	0.00	0.00	0.00	0.00

(1) Fuel costs include purchased power demand costs of 2.024 for Marianna and 1.331 cents/KWH for Fernandina allocated to the residential class. (2) All classes except OSLD. (3) Adjusted for line loss. (4) Additional gross receipts tax is 1% for Gulf, FPL, and FPUC. FPC and TECO have removed all g.r.t. from rates. The entire 2.5% g.r.t. is thus shown separately for these companies effective Feb. 3, 1993 for TECO and April, 1993 for FPC. (5) FPC present base rates reflect increase effective April 1, 1993 resulting from rate case, Docket No. 910890-EI. Proposed base rates reflect increase effective November 1, 1993. (6) TECO fuel rates include refund factor of 0.73 cents/kWh attributable to stipulation of Gulf/Coal issue in the February 1993 fuel adjustment hearing.

FUEL ADJUSTMENT CBNTS PER KWH BASED ON LINE LOSSES BY RATE GROUP

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FOR THE PERIOD: February 1994 - March 1994

COMPANY	GROUP	RATE SCHEDULES	WITHOUT LINE LOSS MULTIPLIER				WITH LINE LOSS MULTIPLIER			
			Levelized	On/Peak	Off/Peak	LINE LOSS MULTIPLIER	Levelized	On/Peak	Off/Peak	
FP&L	A	RS-1,RST-1,GST-1,OS-1,SL-2	1.582	1.707	1.532	1.00161	1.584	1.710	1.534	
	A-1	SL-1,OL-1	1.560	NA	NA	1.00161	1.563	NA	NA	
	B	GSD-1,GSDT-1	1.582	1.707	1.532	1.00155	1.584	1.710	1.534	
	C	OSLD-1,OSLDT-1,CS-1,CST-1	1.582	1.707	1.532	1.00046	1.583	1.708	1.532	
	D	OSLD-2,OSLDT-2,CS-2,CST-2,OS-2,MET	1.582	1.707	1.532	0.99449	1.573	1.698	1.523	
	E	OSLD-3,CS-3,OSLDT-3,CST-3,CILC-3(T),HST-1(T)	1.582	1.707	1.532	0.96430	1.525	1.646	1.477	
	F	CILC-1(D),SST-1(D)	NA	1.707	1.532	0.99643	NA	1.701	1.526	
FPC *	A	Distribution Secondary Delivery	1.880	2.176	1.757	1.00380	1.887	2.184	1.764	
	A-1	OL-1,SL-1	1.835	NA	NA	1.00380	1.842	NA	NA	
	B	Distribution Primary Delivery	1.880	2.176	1.757	0.98260	1.847	2.138	1.726	
	C	Transmission Delivery	1.880	2.176	1.757	0.97250	1.828	2.116	1.709	
TECO	A	RS,OS,TS	2.508	2.946	2.346	1.00640	2.524	2.965	2.361	
	A-1	SL-1,2,3,OL-1,2	2.327	NA	NA	1.00640	2.342	NA	NA	
	B	GSD,OSLD	2.508	2.946	2.346	1.00120	2.511	2.950	2.349	
	C	IS-1,IS-3	2.508	2.946	2.346	0.97210	2.438	2.864	2.281	
GULF	A	RS,OS,GSD,OS-III,OS-IV	1.965	2.012	1.949	1.01228	1.989	2.037	1.973	
	B	LP	1.965	2.012	1.949	0.98106	1.928	1.974	1.912	
	C	PX	1.965	2.012	1.949	0.96230	1.891	1.936	1.876	
	D	OS-1,OS-2	1.962	NA	NA	1.01228	1.986	NA	NA	
PPUC	<u>Fernandina</u>	A	RS	5.733	NA	NA	1.00000	5.733	NA	NA
		B	OS	5.489	NA	NA	1.00000	5.489	NA	NA
		C	GSD	5.315	NA	NA	1.00000	5.315	NA	NA
		D	OL, OL-2, SL-2, SL-3, CSL	4.779	NA	NA	1.00000	4.779	NA	NA
		E	OSLD					4.799 (1)		
						\$4.69/CP KW				
<u>Marlango</u>	A	RS	4.886	NA	NA	1.01260	4.948	NA	NA	
	B	OS	4.630	NA	NA	0.99630	4.612	NA	NA	
	C	GSD	4.205	NA	NA	0.99630	4.189	NA	NA	
	D	OL, OL-2	2.862	NA	NA	1.01260	2.898	NA	NA	
	E	SL-1, SL-2	2.862	NA	NA	0.98810	2.828	NA	NA	

* Effective date for FPC will coincide with rate change resulting from rate case, Docket No. 910890-E1. Effective date is expected to be early November, 1993.

(1) Informational Purposes Only--OSLD class is billed actual fuel cost

**FUEL & PURCHASED POWER COST RECOVERY
CLAUSE CALCULATION**

DIVISION OF ELECTRIC AND GAS

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ESTIMATED FOR THE PERIOD: February 1994 - March 1994

FLORIDA POWER & LIGHT COMPANY

CLASSIFICATION	Classification	Classification	Classification
	Associated	Associated	Associated
	\$	KWH	Cents/KWH
1. Fuel Cost of System Net Generation (E3)	126,839,525	7,668,810,000	1.65397
2. Spent NUC Fuel Disposal Cost (E2)	2,773,282	3,030,017,000 (a)	0.09153
3. Fuel Related Transactions	592,668	0	0.00000
4. Natural Gas Pipeline Enhancements	0	0	0.00000
4a. Fuel Cost of Sales to FKBC	(2,628,000)	(114,432,000)	2.29656
5. TOTAL COST OF GENERATED POWER	127,577,475	7,554,378,000	1.68879
6. Fuel Cost of Purchased Power - Firm (E8)	43,437,700	2,408,200,000	1.80374
7. Energy Cost of Sch. C, X Economy Purchases (Broker) (E9)	5,406,800	286,700,000	1.88587
8. Energy Cost of Economy Purchases (Non-Broker) (E9)	4,648,700	252,100,000	1.84399
9. Energy Cost of Sch. E Purchases (E9)	0	0	0.00000
10. Capacity Cost of Sch. E Economy Purchases (E2)	0	0	0.00000
11. Payments to Qualifying Facilities (E8A)	12,527,000	674,800,000	1.85640
12. TOTAL COST OF PURCHASED POWER	66,020,200	3,621,800,000	1.82286
13. TOTAL AVAILABLE KWH		11,176,178,000	
14. Fuel Cost of Economy Sales (E7)	(1,395,700)	(53,800,000)	2.59424
15. Gain on Economy Sales - 80% (E7A)	(426,240)	(53,800,000)(a)	0.79227
16. Fuel Cost of Unit Power Sales (SL2 Part 1a) (E7)	(680,100)	(84,200,000)	0.80772
17. Fuel Cost of Other Power Sales (E7)	(330,500)	(12,700,000)	2.60236
18. TOTAL FUEL COST AND GAINS OF POWER SALES	(2,832,540)	(150,700,000)	1.87959
19. Net Inadvertent Interchange (E4)	0	0	0.00000
20. TOTAL FUEL AND NET POWER TRANSACTIONS	190,765,135	11,025,478,000	1.73022
21. Net Unbilled (E4)	10,857,985 (a)	627,549,000	0.10037
22. Company Use (E4)	578,223 (a)	(33,419,000)	0.00535
23. T & D Losses (E4)	13,877,653 (a)	(802,074,000)	0.12829
24. Adjusted System KWH Sales	190,765,135	10,817,534,000	1.76348
25. Wholesale KWH Sales	341,584	19,370,000	1.76347
26. JURISDICTIONAL KWH SALES	190,423,551	10,798,164,000	1.76348
27. Jurisdictional KWH Sales Adjusted for Line Loss - 1.00035	190,490,199	10,798,164,000	1.76410
28. True-up * (derived in Attachment C)	(22,607,151)	10,798,164,000	-0.20936
29. TOTAL JURISDICTIONAL FUEL COST	167,883,048	10,798,164,000	1.55470
30. Revenue Tax Factor			1.01609
31. Fuel Cost Adjusted for Taxes			1.57972
32. GPIF*	228,805	10,798,164,000	0.00212
33. Total fuel cost including GPIF	168,111,853	10,798,164,000	1.58183
34. TOTAL FUEL COST FACTOR ROUNDED TO THE NEAREST .001 CENTS PER KWH:			1.582

*Based on Jurisdictional Sales
(a) included for informational purposes only.