

FLORIDA PUBLIC SERVICE COMMISSION

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

MEMORANDUM

November 9, 1994

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING [BAYO]
FROM : DIVISION OF ELECTRIC AND GAS [DUDLEY, BERG, BASS] ^{ED. JAB} ^{RLT}
DIVISION OF LEGAL SERVICES [BROWN] ^{MCB} ^{MP}
RE : DOCKET NO. 940001-EI - PETITION OF FLORIDA PUBLIC
UTILITIES COMPANY FOR ADJUSTMENT TO ITS FUEL ADJUSTMENT
FACTORS.
AGENDA: 11/22/94 - 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 approve Florida Public Utilities Company's petition to reduce its levelized fuel recovery factor for the Fernandina Beach division from 3.646 ¢/kWh to 3.524 ¢/kWh?

RECOMMENDATION: Yes. The Commission should approve the decreased fuel factor of 3.524 ¢/kWh effective for meter readings scheduled to be read on or after December 1, 1994 and continuing through March 1995.

STAFF ANALYSIS: On November 4, 1994, Florida Public Utilities Company (FPUC) filed a petition for adjustment to its currently authorized October 1994 through March 1995 levelized fuel adjustment factor for the Fernandina Beach division. The calculation of the October through March fuel adjustment factor approved at the August hearings incorporated JEA's current rate for energy sold. Beginning December 1, 1994 this rate will decrease by 0.12 ¢/kWh causing FPUC to overrecover approximately \$85,000 for the period.

Although the expected period-ending overrecovery will not

DOCUMENT NUMBER-DATE

11356 NOV-94

FPSC-RECORDS/REPORTING

Docket No. 940001-EI
November 9, 1994

exceed the Commission's 10% threshold for mid-course corrections (Order No. 13694, Docket No. 840001-EI, issued September 20, 1984), FPUC is proposing to reduce its fuel adjustment cost recovery factor effective with the first billing cycle in December 1994 to avoid having its customers contributing to an overcollection. In addition, JEA's reduction in its energy charge has been widely publicized, and FPUC believes that their customers will expect a similar course of action by FPUC.

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. However, one of the purposes of mid-course corrections as described in Order No. 13694 is to assure a levelized fuel adjustment and avoid rate shock ratepayers experience when factors are adjusted. Although there will not be a significant change in customer bills as a result of the overrecovery, Staff agrees 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 without the prudence review which will take place during the March 1995 hearings.

Staff has reviewed the factors derived for FPUC's various rate classes, 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 for each class and compares bills for 1,000 kWh of residential consumption before and after this fuel factor adjustment.

FPUC has requested an effective date beginning with meter readings scheduled to be read on or after December 1, 1994. Although this effective date falls short of the normal 30-day notice requirement, Staff believes that such treatment is warranted given the implications of the projected overrecovery. Staff believes that FPUC's customers should begin receiving the fuel charge reduction at the earliest practicable time. Based on the foregoing, Staff recommends that the Commission approve FPUC's Fernandina Beach division's reduced fuel adjustment factor of 3.524 ¢/kWh effective for meter readings scheduled to be read on or after December 1, 1994.

TOTAL FUEL COST FOR THE PERIOD: October 1994 - March 1995

NOTE: THIS SCHEDULE REPRESENTS A MID-COURSE CORRECTION FOR FPUC - FERNANDINA EFFECTIVE DECEMBER 1, 1994.

DATE: 08/04/94

PAGE 1 of 10

COMPANY	PROPOSED July 1994 - September 1994 October 1994 - March 1995			PRESENT April 1994 - September 1994 July 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		
	Cents per kwh			Cents per kwh			Cents per kwh				
Fla. Power & Light (5)	1.567	1.673	1.525	1.567	1.673	1.525	0.000	0.000	0.000	1.00210	1.570
Fla. Power Corp.	2.055	2.612	1.827	2.055	2.612	1.827	0.000	0.000	0.000	1.00000	2.055
Tampa Electric	2.353	2.666	2.239	2.353	2.666	2.239	0.000	0.000	0.000	1.00640	2.368
Gulf Power	2.179	2.226	2.164	2.179	2.226	2.164	0.000	0.000	0.000	1.01228	2.206
Fla. Public											
Marianna (1)	4.874	NA	NA	4.874	NA	NA	0.000	NA	NA	1.01260	4.936
Fernandina (1)(2)	4.976	NA	NA	5.098	NA	NA	-0.122	NA	NA	1.00000	4.976

COST FOR 1,000 KWH RESIDENTIAL SERVICE

PRESENT: July 1994 - September 1994

	Fla. Power & Light	Fla. Power Corp.	Tampa Electric (5)	Gulf Power (6)	Florida Public Utilities Marianna (7) Fernandina	
Base	47.38	49.05	51.92	43.25	20.43	19.20
Fuel (3)	15.70	20.55	23.68	22.06	49.36	50.98
Oil Backout	0.11	N/A	0.96	N/A	N/A	N/A
Energy Conservation	2.43	4.40	1.85	0.26	0.12	0.06
Environmental Cost Recovery	0.10	N/A	N/A	1.54	N/A	N/A
Capacity Recovery	5.17	7.47	1.93	2.24	NA	NA
Gross Receipts Tax (4)	0.73	2.09	2.06	0.71	1.79	0.72
Total	\$71.62	\$83.56	\$82.40	\$70.06	\$71.70	\$70.96

PROPOSED: October 1994 - March 1995

	Fla. Power & Light	Fla. Power Corp.	Tampa Electric	Gulf Power	Florida Public Utilities Marianna Fernandina	
Base	47.38	49.05	51.92	43.25	20.43	19.20
Fuel (3)	15.70	20.55	23.68	22.06	49.36	49.76
Oil Backout	0.11	N/A	0.96	N/A	N/A	N/A
Energy Conservation	2.43	4.40	1.85	0.26	0.12	0.06
Environmental Cost Recovery	0.10	N/A	N/A	1.54	N/A	N/A
Capacity Recovery	5.17	7.47	1.93	2.24	N/A	N/A
Gross Receipts Tax (4)	0.73	2.09	2.06	0.71	1.79	0.71
Total	\$71.62	\$83.56	\$82.40	\$70.06	\$71.70	\$69.73

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)	0.00	0.00	0.00	0.00	0.00	-1.22
Oil Backout	0.00	N/A	0.00	N/A	N/A	N/A
Energy Conservation	0.00	0.00	0.00	0.00	0.00	0.00
Environmental Cost Recovery	0.00	N/A	N/A	0.00	N/A	N/A
Capacity Recovery	0.00	0.00	0.00	0.00	N/A	N/A
Gross Receipts Tax (4)	0.00	0.00	0.00	0.00	0.00	-0.01
Total	0.00	0.00	0.00	0.00	0.00	-1.23

(1) Fuel costs include purchased power demand costs of 1.889 for Marianna and 1.452 cents/KWH for Fernandina allocated to the residential class. (2) All classes except GSLD. (3) Adjusted for line loss.

(4) Additional gross receipts tax is 1% for Gulf, FPL, and FPUC - Fernandina. FPC, TECO and FPUC - Marianna have removed GRT from rates. The entire 2.5% is thus shown separately.

(5) TECO present rates reflect a rate increase effective January 1, 1994 resulting from Docket No. 920324-EL. (6) Gulf Power present rates reflect \$1.48 increase because of the Environmental Cost Recovery Clause, Docket No. 930613, effective February 1, 1994. (7) FPUC - Marianna rate reflect an increase effective February 1994, resulting from Docket No. 930400-EL.

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

DIVISION OF ELECTRIC AND GAS

DATE: 08/04/94

PAGE 2 of 10

FOR THE PERIOD: October 1994 - March 1995

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,RS1-1,OS1-1,OS1-2,CILC-0	1.567	1.673	1.525	1.00210	1.570	1.677	1.529	
	A-1	SL-1,OL-1	1.549	NA	NA	1.00210	1.552	NA	NA	
	B	OSD-1,OSDT-1	1.567	1.673	1.525	1.00204	1.570	1.677	1.528	
	C	OSLD-1,OSLDT-1,CS-1,CST-1	1.567	1.673	1.525	1.00089	1.568	1.675	1.527	
	D	OSLD-2,OSLDT-2,CS-2,CST-2	1.567	1.673	1.525	0.99443	1.558	1.664	1.517	
	E	OSLD-3,OSLDT-3,CS-3,CST-3	1.567	1.673	1.525	0.96091	1.506	1.608	1.466	
F	CILC-1(D),SST-1(D)	NA	1.673	1.525	0.99758	NA	1.669	1.522		
FPC *	A	Distribution Secondary Delivery	2.055	2.612	1.827	1.00000	2.055	2.612	1.827	
	A-1	OL-1,SL-1	1.974	NA	NA	1.00000	1.974	NA	NA	
	B	Distribution Primary Delivery	2.055	2.612	1.827	0.99000	2.034	2.585	1.808	
	C	Transmission Delivery	2.055	2.612	1.827	0.98000	2.014	2.560	1.790	
TECO	A	RS,OS,TS	2.353	2.666	2.239	1.00640	2.368	2.683	2.253	
	A-1	SL-1,2,3,OL-1,2	2.302	NA	NA	1.00640	2.317	NA	NA	
	B	OSD,OSLD	2.353	2.666	2.239	1.00120	2.356	2.669	2.242	
	C	IS-1,IS-3	2.353	2.666	2.239	0.97210	2.287	2.592	2.177	
GULF	A	RS,OS,OSD,OS-III,OS-IV	2.179	2.226	2.164	1.01228	2.206	2.253	2.191	
	B	LP	2.179	2.226	2.164	0.98106	2.138	2.184	2.123	
	C	PX	2.179	2.226	2.164	0.96230	2.097	2.142	2.082	
	D	OS-1,OS-2	2.178	NA	NA	1.01228	2.205	NA	NA	
FPUC	A	RS	4.976	NA	NA	1.00000	4.976	NA	NA	
	B	OS	4.710	NA	NA	1.00000	4.710	NA	NA	
	C	OSD	4.521	NA	NA	1.00000	4.521	NA	NA	
	D	OL, OL-2, SL-2, SL-3, CSL	3.936	NA	NA	1.00000	3.936	NA	NA	
	E	OSLD					4.799 (1)			
						\$6.18/CP KW				
Marianna	A	RS	4.874	NA	NA	1.01260	4.936	NA	NA	
	B	OS	4.721	NA	NA	0.99630	4.704	NA	NA	
	C	OSD	4.346	NA	NA	0.99630	4.330	NA	NA	
	D	OSLD	4.185	NA	NA	0.99630	4.170	NA	NA	
	E	OL, OL-2	3.009	NA	NA	1.01260	3.047	NA	NA	
	F	SL-1, SL-2	3.009	NA	NA	0.98810	2.973	NA	NA	

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

DIVISION OF ELECTRIC AND GAS

DATE: 08/04/94

PAGE 9 OF 10

ESTIMATED FOR THE PERIOD: October 1994 - March 1995

FLORIDA PUBLIC UTILITIES-FERNANDINA

CLASSIFICATION	Classification Associated \$	Classification Associated KWH	Classification Associated cents/KWH
1.Fuel Cost of System Net Generation (E3)	0	0	0.00000
2.Spent NUC Fuel Disposal Cost (E2)	0	0	0.00000
3.Coal Car Investment	0	0	0.00000
4.Adjustments to Fuel Cost	0	0	0.00000
5.TOTAL COST OF GENERATED POWER	0	0	0.00000
6.Fuel Cost of Purchased Power - Firm (E8)	2,586,784	146,637,000	1.76407
7.Energy Cost of Sch.C,X Economy Purchases (Broker) (E9)	0	0	0.00000
8.Energy Cost of Economy Purchases (Non - Broker) (E9)	0	0	0.00000
9.Energy Cost of Sch.E Purchases (E9)	0	0	0.00000
10.Demand & Non Fuel Cost of Purchased Power	4,681,528	146,637,000	3.19260
10a.Demand Costs of Purchased Power (E2)	2,268,000 (a)		
10b.Non Fuel Energy and Customer Costs of Purchased Power (E2)	2,413,528 (a)		
11.Energy Payments to Qualifying Facilities (E8A)	0	0	0.00000
12.TOTAL COST OF PURCHASED POWER	7,268,312	146,637,000	4.95667
13.TOTAL AVAILABLE KWH	7,268,312	146,637,000	4.95667
14.Fuel Cost of Economy Sales (E7)	0	0	0.00000
15.Gain on Economy Sales - 80% (E7A)	0	0	0.00000
16.Fuel Cost of Unit Power Sales (E7)	0	0	0.00000
17.Fuel Cost of Other Power Sales (E7)	0	0	0.00000
18.TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	0.00000
19.Net Inadvertent Interchange (E4)			
20.TOTAL FUEL AND NET POWER TRANSACTIONS	7,268,312	146,637,000	4.95667
21.Net Unbilled (E4)	(225,479)(a)	(4,549,000)	-0.15854
22.Company Use (E4)	8,228 (a)	166,000	0.00579
23.T & D Losses (E4)	436,088 (a)	8,798,000	0.30662
24.Adjusted System KWH Sales	7,268,312	142,222,000	5.11054
25.Wholesale KWH Sales	0	0	0.00000
26.JURISDICTIONAL KWH SALES	7,268,312	142,222,000	5.11054
27.Jurisdictional KWH Sales Adjusted for: Line Loss - 1.00	7,268,312	142,222,000	5.11054
27a.GSLD KWH Sales (E11)		42,000,000	
27b.Other Classes KWH Sales (E11)		100,222,000	
27c.GSLD CP KW		120,000 (a)	
28. GPIF			
29.True - up *	(289,071)	142,222,000	-0.20325
30.TOTAL JURISDICTIONAL FUEL COST	6,979,241	142,222,000	4.90729

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

DIVISION OF ELECTRIC AND GAS

DATE: 08/04/94

PAGE 10 OF 10

ESTIMATED FOR THE PERIOD: October 1994 - March 1995

FLORIDA PUBLIC UTILITIES-FERNANDINA

CLASSIFICATION	Classification Associated \$	Classification Associated KWH	Classification Associated cents/KWH
30a.Demand Purchased Power Costs (line 10a)	2,268,000 (a)		
30b.Non-Demand Purchased Power Costs (lines 6+10b+11)	5,000,312 (a)		
30c.True-up Over/Under Recovery (line 29)	(289,071)(a)		
APPORTIONMENT OF DEMAND COSTS			
31.Total Demand Costs	2,268,000		
32.GSLD Portion of Demand Costs Including line losses (line 27c * \$3.708)	741,600	120,000 KW	\$6.18
33.Balance to Other Customers	1,526,400	100,222,000	1.52302
APPORTIONMENT OF NON-DEMAND COSTS			
34.Total Non-Demand Costs (line 30b)	5,000,312		
35.Total KWH Purchased (line 12)		146,637,000	
36.Average Cost per KWH Purchased			3.40999
37.Avg. Cost Adjusted for Transmission line losses (line 36 * 1.03)			3.51229
38.GSLD Non-Demand Costs (line 27a * line 37)	1,475,164	42,000,000	0.03512
39.Balance to Other Customers	3,525,148	100,222,000	3.51734
GSLD PURCHASED POWER COST RECOVERY FACTORS			
40a.Total GSLD Demand Costs (Line 32)	741,600	120,000	\$6.18
40b.Revenue Tax Factor			1.01609
40c.GSLD Demand Purchased Power factor adjusted for taxes and rounded:			<u>\$6.28</u>
40d.Total Current GSLD Non-Demand Costs (line 38)	1,475,164	42,000,000	3.51230
40e.Total Non-Demand Costs including true-up	1,475,164	42,000,000	3.51230
40f.Revenue Tax Factor			1.01609
40g.GSLD Non-demand costs adjusted for taxes			<u>3.562</u>
OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS			
41a.Total Demand and Non-Demand Purchased Power Costs of other classes (lines 33 + 39)	5,051,548	100,222,000	5.04036
41b.Less: Total Demand Cost Recovery	1,249,724 (a)		
41c.Total Other Costs to be Recovered	3,801,824 (a)	100,222,000	3.79340
41d.Other Classes' Portion of True-up (line 30 C)	(289,071)	100,222,000	-0.28843
41e.Total Demand and Non-Demand Costs including True-up	3,512,753	100,222,000	3.50497
42.Revenue tax factor			1.01609
43.OTHER CLASSES PURCHASED POWER FACTOR ADJUSTED FOR TAXES ROUNDED TO THE NEAREST .001 CENTS PER KWH:			<u>3.56137</u> (0) <u>3.524</u>

*Based on Jurisdictional Sales

(a) included for informational purposes only.