

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Fuel and purchased power) DOCKET NO. 930001-EI
cost recovery clause and) ORDER NO. PSC-93-0840-FOF-EI
generating performance incentive) ISSUED: June 7, 1993
factor.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER RETAINING FUEL, PURCHASED POWER, AND CAPACITY
COST RECOVERY AND GENERATING PERFORMANCE INCENTIVE FACTOR
PROCEEDINGS ON A SEMI-ANNUAL BASIS

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On October 2, 1992, Staff conducted a workshop to consider and hear comments from investor-owned utilities regarding the feasibility of holding fuel and purchased power cost recovery hearings annually instead of semi-annually. The goal of the proposed change was to reduce the time and dollars spent during the preparation for and attendance at cost recovery proceedings, thereby producing savings that would benefit utility ratepayers. The workshop was attended by representatives from Florida Power Corporation, Florida Power & Light Company, Tampa Electric Company, Gulf Power Company, Florida Public Utilities Company and Florida Industrial Power Users Group.

Florida Power & Light Company (FPL) and FPUC objected to the change to annual hearings. FPL did not believe that there would be any overall benefit resulting from a reduction in the frequency of fuel cost recovery proceedings. The company asserted that the probability of encountering large over-recoveries or under-recoveries would be greatly enhanced by the extended time between projections. FPL contended that any benefits from the change would be outweighed by the amount of unplanned mid-course

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corrections that would probably occur, because of the volatility in fuel prices, particularly oil and natural gas. Florida Power & Light Company stated that during the past 12 years, the company has had to file 9 mid-course corrections and 4 supplemental filings under the current system. FPUC also believed that the costs associated with more frequent mid-course corrections would abrogate the savings achieved from holding annual hearings.

We find that we shall continue to conduct the fuel and purchased power recovery proceedings, the capacity cost recovery proceedings and the generating performance incentive factor proceedings on a semi-annual basis. We agree with FPL and FPUC that the volatility of fuel prices may cause more midcourse corrections over a year period, and therefore the change to annual hearings could prove to be more, rather than less, costly. It is therefore

ORDERED, for the reasons set forth above, that the fuel, purchased power and capacity cost recovery proceedings, as well as the generating performance incentive factor proceeding shall continue to be conducted on a semi-annual basis.

ORDERED that this Order shall become final unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission this 7th day of June, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
MCB:bmi

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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on June 28, 1993.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water 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 of the effective date 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.