

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of change in frequency and timing of hearings for fuel and purchased power cost recovery clause; capacity cost recovery clause, generating performance incentive factor, energy conservation cost recovery clause, purchased gas adjustment (PGA) true-up, and environmental cost recovery clause.

DOCKET NO. 980269-PU
ORDER NO. PSC-98-0691-FOF-PU
ISSUED: May 19, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING CHANGE IN FREQUENCY AND TIMING
OF COST RECOVERY HEARINGS

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 substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. CASE BACKGROUND

Pursuant to Order No. PSC-98-0309-PHO-EI, issued February 23, 1998, this docket was established to consider a change in the frequency and timing of the hearings for the Fuel and Purchased Power Cost Recovery Clause, Capacity Cost Recovery Clause, Generating Performance Incentive Factor, Energy Conservation Cost Recovery Clause, Purchased Gas Adjustment True-Up, and

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Environmental Cost Recovery Clause, as well as the manner of implementing such a change. On March 17, 1998, we conducted a workshop to receive comments from investor-owned electric and gas utilities and other interested parties regarding proposed changes to the frequency and timing of the four cost recovery clauses. The workshop was attended by representatives of Florida Power Corporation (FPC), Florida Power & Light Company (FPL), Tampa Electric Company (TECO), Gulf Power Company (Gulf), Florida Public Utilities Company (FPUC), Peoples Gas System (Peoples), Florida Division of Chesapeake Utilities Corporation, d/b/a Central Florida Gas (Central Florida), City Gas Company of Florida (City Gas), the Legal Environmental Assistance Foundation (LEAF), the Office of the Public Counsel (Public Counsel), and the Florida Industrial Power Users Group (FIPUG). The participants were asked to provide written comments to issues addressed during the workshop.

II. ANNUALIZATION OF FUEL AND PURCHASED POWER COST RECOVERY CLAUSE HEARING

The Fuel and Purchased Power Cost Recovery Clause (fuel clause) has three main components: the fuel and purchased power cost recovery factor; the generation performance incentive factor; and the capacity cost recovery factor. These three factors are calculated and set on a six-month projected basis with the following two exceptions. In Order No. PSC-95-1089-FOF-EI, issued September 5, 1995, we approved Gulf's request for a twelve-month projection period for its capacity cost recovery factor. In Order No. PSC-96-1172-FOF-EI, issued September 19, 1996, we approved FPL's request for a twelve-month projection period for its capacity cost recovery factor and its generation performance incentive factor. The proposed change would result in an annual determination of each of the three component factors for each participating utility.

A. PARTIES' COMMENTS

Six parties filed comments concerning the proposed change from a semiannual to an annual fuel clause hearing. FPL, FPC, Gulf, FPUC, and TECO support the proposed change. FIPUG, however, opposes the proposed change, and delineated several concerns in its comments. We find that most of FIPUG's concerns go beyond the scope of this docket because they contemplate major, substantive changes to the fuel clause unrelated to the procedural changes at issue. These concerns would be more appropriate for consideration in the generic fuel clause docket.

We do find, however, that three of FIPUG's concerns are appropriate for consideration in this docket. First, FIPUG maintains that rates set using long range forecasts will violate Florida law. FIPUG cites Citizens of Florida v. Hawkins, 356 So.2d 254 (Fla. 1978) in which the Florida Supreme Court held that the Commission erred when it used an actual year-end rate base, absent evidence of extraordinary growth, to set base rates prospectively. We find that the rationale of Citizens does not extend to this Commission's cost recovery proceedings. While our approval of the proposed change before us will require each utility to project its fuel costs up to 15 months into the future, our cost recovery proceedings can not be equated to setting base rates prospectively. When setting base rates prospectively, we essentially take a "snapshot" of the utility's projected rate base and income statement at a given point in time and set the base rates necessary to recover the utility's revenue requirements. Any forecasting errors that occur when that "snapshot" is taken will be carried forward, without any true-up mechanism, and will accrue to the benefactor of the forecasting error. The fuel clause, however, uses a true-up mechanism which allows each utility and its ratepayers to be made whole when an over-recovery or under-recovery occurs.

Second, FIPUG states that the proposed procedure will deny consumers due process. FIPUG does not believe that parties and other interested persons will have adequate time to analyze the filings of 14 utilities, conduct discovery, and prepare for hearing. We believe that there is some merit to this concern. To address this concern, we believe the proposed filing schedule should be modified to allow additional time for review and discovery. Further, we note that although we maintain a tight schedule between the filing date for utilities' projected costs and the date of hearing, we may defer an issue or establish a separate docket to provide for extended discovery and analysis on a complex or controversial issue. As this Commission stated in Order No. 13452, issued June 22, 1984, "the burden to demonstrate prudence necessarily falls on the utility. When a utility does not come forward to demonstrate the prudence of its expenditures, that issue is still viable for this Commission to determine."

Third, FIPUG suggests that the proposed procedure will result in inflexible fuel factors and, therefore, will be discriminatory and discourage conservation. FIPUG states that if a utility charges a single average fuel cost factor, calculated and set annually, ratepayers will be neither willing nor able to respond to

instantaneous fuel price changes. A single average fuel cost factor, FIPUG claims, will fail to promote conservation and would discriminate against high load factor customers. We note, however, that over the course of a year, any "missed" opportunities for a ratepayer to benefit from lower fuel costs in periods of low demand will be offset by higher fuel costs in peak demand periods. Moreover, all investor-owned electric utilities offer optional time-of-use rates.

B. APPROVAL OF CHANGE TO ANNUAL HEARING

After reviewing the comments submitted by the investor-owned electric utilities and FIPUG, we find that all components of the fuel clause for all investor-owned electric utilities should be prospectively calculated and set on a twelve-month projected basis at annual hearings. For the following reasons, we believe that this change is in the public interest. First, an annual fuel hearing will reduce the number of hearing days per year reserved for the fuel clause. FPL, FPC, and Gulf agree that an annual fuel clause hearing will allow this Commission and the parties to use their time and monetary resources more efficiently. This Commission and the parties will gain greater efficiencies by saving the time and expense associated with an additional hearing.

Second, midcourse corrections may occur less frequently. In Order No. PSC-93-0840-FOF-EI, issued June 7, 1993, we stated 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." However, fuel prices are currently less volatile and a higher probability exists that monthly over-recoveries and under-recoveries will be offset between annual fuel clause hearings. Hence, midcourse corrections may occur less frequently than previously surmised. FPC, FPL, FPUC, and Gulf indicate that during the last ten year period they may have requested fewer midcourse corrections for factors approved on an annual basis.

Third, an annual factor will provide customers with more certain and stable prices. FPC, FPL, and Gulf indicate that industrial and commercial customers prefer more stable electricity prices. FPL and Gulf further indicate that residential customers would prefer the simplicity of one fuel factor for an entire year. Currently, the fuel clause factor changes every six months, in April and October. The proposed change will allow the fuel clause factor to remain unchanged for twelve months. Therefore,

ratepayers will be able to plan with greater certainty their level of expenditures for electricity during a given twelve month period.

C. RELATED MATTERS

As a result of our findings above, we believe that we should address certain other matters related to the fuel clause. First, our findings are not intended to change this Commission's policy regarding midcourse corrections, which is articulated in Order No. 13694, issued September 20, 1984. As stated in Order No. 13694, when a utility becomes aware that its actual fuel costs are ten percent greater than or less than its projected fuel costs during a recovery period, that utility shall advise this Commission through a prompt filing. If the utility fails to advise us, we will disallow the interest on that portion of the under-recovery in excess of ten percent. The utility shall also request a hearing to adjust its fuel clause factor unless the utility believes that such an adjustment is impractical due to the magnitude and/or timing of the over-recovery or under-recovery. In any event, any party may request a hearing or we may order a hearing to consider a change in the utility's fuel clause factor.

Second, in Order No. 14546, issued July 8, 1985, we established the fuel-related expenses recoverable through the fuel clause. A utility must obtain our approval of these fuel-related expenses before it may recover them through the fuel clause. If a utility seeks to recover, between hearings, fossil-fuel related costs which result in fuel savings and these costs were not previously addressed in determining base rates, the utility must obtain our approval before cost recovery may commence. However, our approval of the fossil-fuel related costs between hearings may cause the utility to over-recover or under-recover by more than ten percent of its projected fuel costs. If this occurs, a change in the utility's fuel clause factor may be necessary. FPC believes that the decision to change the fuel clause factor should be made on a case-by-case basis. FPL, FPUC, and Gulf believe that a utility should request, and this Commission should approve, a change in the fuel clause factor only when the projected costs in the interim petition would cause the utility to over-recover or under-recover by ten percent during the recovery period. We agree with FPL, FPUC, and Gulf. However, we will also consider the magnitude of the costs and the timing of the interim petition when deciding whether a change is warranted between fuel clause hearings.

Third, we recognize that an adjustment to the current reporting schedules will be necessary to accommodate the change from a six-month to a twelve-month recovery period. The utilities currently file A-Schedules to document actual fuel costs on a monthly basis. Also, the utilities file E-Schedules and H-Schedules as exhibits to their witnesses' testimonies in fuel clause hearings to support the next recovery period's fuel clause factors.

D. CONCLUSION

For the reasons stated above, we find that all components of the fuel clause for all investor-owned electric utilities should be prospectively calculated and set on a twelve-month projected basis at annual hearings. We believe that this change is in the public interest.

III. ANNUALIZATION OF ENVIRONMENTAL COST RECOVERY CLAUSE HEARING FOR TECO

Section 366.8255, Florida Statutes, establishes the Environmental Cost Recovery Clause (ECRC) which authorizes this Commission to allow recovery of prudently incurred environmental compliance costs through an environmental cost recovery factor. According to the statute, this factor "must be set periodically, but at least annually."

In Order No. PSC-96-1171-FOF-EI, issued September 18, 1996, we found that the ECRC should be changed from a six-month cost recovery period to an annual cost recovery period with respect to FPL and Gulf. One month earlier, in Order No. PSC-96-1048-FOF-EI, issued August 14, 1996, we approved TECO's initial ECRC factors for a six-month period, with the understanding that we may consider a change to an annual cost recovery period after TECO gained experience with the ECRC. (We note that FPC and FPUC have not yet requested our approval for recovery of environmental compliance costs through the ECRC.)

We find that TECO has now had sufficient experience with the ECRC to justify a change to an annual cost recovery period. In addition, much of the rationale for moving the fuel clause to an annual cost recovery period, as stated above, is also applicable to the ECRC. An annual ECRC hearing will reduce the number of hearing days per year reserved for the ECRC and provide efficiencies for the parties as well as this Commission. In addition, customers

will be able to project electricity costs more easily because the ECRC factor will remain unchanged for a twelve-month period. Accordingly, we find that TECO should use an annual cost recovery period under the ECRC.

TECO supports the change to an annual ECRC recovery period. FIPUG, however, believes that we should establish a new docket to decide this issue. We disagree. This docket was established, in part, to decide this issue. Moreover, we did not find it necessary to establish a separate docket when deciding this issue with respect to FPL and Gulf. We made that determination within the scope of the annual ECRC docket.

IV. CHANGE TO CALCULATE COST RECOVERY FACTORS ON CALENDAR YEAR BASIS

A. FUEL AND PURCHASED POWER COST RECOVERY CLAUSE

Six parties filed comments concerning the change to a calendar year factor for the fuel clause. FPL, FPC, Gulf, and FPUC support the change. TECO opposes the change. TECO states that an April through March period coincides very effectively with its budgeting process for fuel costs that are recovered through the fuel clause. Moreover, TECO asserts that no compelling reason exists to implement a calendar year cost recovery schedule as opposed to an annual cost recovery period of April through March. We note, however, that certain components of FPL and Gulf's fuel clause factors currently have an annual recovery period which commences in October and concludes the following September. Thus, it appears that the best alternative to a calendar year recovery period for the fuel clause would be an October through September recovery period, not an April through March recovery period as TECO has proposed.

FIPUG neither supports nor opposes a calendar year recovery period, but states that we should recognize seasonal cost differentials when calculating the fuel clause factor or calculate the fuel clause factor based upon historic costs. We find that FIPUG's concerns go beyond the scope of this docket because they contemplate substantive changes to the fuel clause unrelated to the procedural changes at issue. These concerns would be more appropriate for consideration in the ongoing fuel clause docket or a separate docket.

After reviewing the comments submitted by the investor-owned utilities and FIPUG, we find, for the following reasons, that the fuel clause factor should be determined on a calendar year basis beginning in 1999, pursuant to the transition schedule shown in Attachment A, which is incorporated into this Order by reference.

First, an annual factor for the fuel clause set on a calendar year basis will result in one charge for fuel costs established for a one year period from January through December. With the exception of TECO, utilities have indicated that an annual fuel clause factor calculated on a calendar year basis will coincide with most commercial and industrial customers' budget periods. As stated by FPL, the change will provide ratepayers greater certainty about electricity costs due to a more stable, predictable twelve month charge for fuel. Currently, ratepayers may experience three different charges for fuel within a calendar year. If we adopted an annual factor based on a non-calendar year, ratepayers would still experience two different charges for fuel within a calendar year.

Second, if the fuel cost factor is based on a calendar year, interested parties can analyze fuel cost information more easily. Currently, one must extract this data from three recovery periods to calculate fuel costs for a calendar year. Under the proposed change, one will only need to extract data from one twelve-month recovery period to calculate fuel costs on a calendar year basis. Also, maintaining fuel cost information on a calendar year basis is consistent with the manner in which most data are accumulated and reported to the Federal Energy Regulatory Commission, the Department of Energy, and other public agencies.

Third, an annual, calendar year factor will simplify Commission audits. This Commission currently audits each investor-owned electric utility's fuel expenses from April through the following March. Therefore, we must access information from the utilities' general ledger and electronic data processing (EDP) tapes from two calendar years to complete each year's audit. As illustrated in Attachment A, the audit period for the fuel clause will commence in January and conclude the following December. Thus, we will only access the utilities' general ledger and EDP tapes from one calendar year.

Fourth, an annual, calendar year factor will allow for greater administrative efficiencies. As a result of our findings above, the length of the recovery period for all components of all cost

recovery clauses for all investor-owned electric and gas utilities will be twelve months. As we stated above, this Commission and the parties will gain greater efficiencies if the frequency of the hearings for the fuel clause for the investor-owned electric utilities and the ECRC for TECO is changed from a semiannual to an annual basis. These efficiencies do not currently occur, however, because the timing of the recovery periods differs among the four cost recovery clauses. Changing each recovery period to an annual, calendar year basis will allow these efficiencies to be gained.

Although TECO and FIPUG's comments have some merit in isolation, we believe that the long term benefits to all parties in the four cost recovery clauses will outweigh the one-time transition costs necessary to achieve the desired efficiencies. We will coordinate with the investor-owned electric utilities to mitigate the one-time transition impacts for the fuel clause.

B. ENVIRONMENTAL COST RECOVERY CLAUSE

Four parties filed comments concerning the change to a calendar year factor for the ECRC. FPL, Gulf, and FIPUG expressed support for the proposed change. However, FIPUG's support was conditioned on an ECRC based upon historical, not projected, costs. Consistent with our findings above, we find that FIPUG's proposed change to a historical cost recovery mechanism falls outside the scope of this docket. FIPUG's suggestion would be more appropriate for consideration in the ongoing ECRC docket or a separate docket.

Although TECO recognized that this Commission and the parties can gain substantial efficiencies if all cost recovery clause hearings are held with the same frequency and timing, TECO expressed opposition to recovery on a calendar year basis. TECO asserts that no compelling reason exists to implement a calendar year cost recovery schedule as opposed to an annual cost recovery period of April through March. In addition, TECO states that an April through March period coincides very effectively with its budgeting process for environmental costs recovered through the ECRC. We note, however, FPL and Gulf currently have an annual recovery period for the ECRC which commences in October and concludes the following September. Thus, it appears that the best alternative to a calendar year recovery period for the ECRC would be an October through September recovery period, since no transition would be necessary for the participating utilities.

Based on our findings above, we find that the ECRC factor should be determined on a calendar year basis beginning in 1999, pursuant to the transition schedules shown in Attachment B and C, which are incorporated into this Order by reference. As stated by FPL and Gulf, an ECRC factor calculated on a calendar year basis will coincide with most ratepayers' budget periods and, therefore, will provide convenience in addition to certainty of electricity costs. This change will also make it easier for interested parties to extract and analyze data. Further, reporting on a calendar year basis will be more consistent with how most comparable data are reported to other agencies.

As previously stated, the length of the recovery period for all components of all cost recovery clauses, including the ECRC, for all investor-owned electric and gas utilities will now be twelve months. As stated above, this Commission and the parties will gain greater efficiencies if the frequency of the hearings for the fuel clause for the investor-owned electric utilities and the ECRC for TECO is changed from a semiannual to an annual basis. These efficiencies do not currently occur, however, because the timing of the recovery periods differs among the four cost recovery clauses. Changing each recovery period to an annual, calendar year basis will allow these efficiencies to be gained.

We believe that the long-term benefits to all parties in the four cost recovery clauses will outweigh the one-time transition costs necessary to achieve the desired efficiencies. We will coordinate with FPL, Gulf, and TECO to mitigate one-time transition impacts associated with the change to calculating ECRC factors on a calendar year basis.

C. PURCHASED GAS ADJUSTMENT TRUE-UP

Three investor-owned gas utilities submitted comments concerning the change to a calendar year factor for the PGA True-up. FPUC supports the change for two reasons. First, FPUC stated that it currently projects information relevant to the PGA True-up during its internal budget process on a calendar year basis. The new recovery period would coincide with FPUC's internal budgeting period. Second, FPUC stated that it experiences greater volatility in gas prices and sales at the immediate end of the current April through March recovery period. The proposed changes would bisect this volatile period.

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Peoples and Central Florida do not support the change to a calendar year PGA True-up factor. Peoples and Central Florida both state that there is no compelling reason to implement such a change and they do not foresee any benefits or advantages that would offset the time and expense involved in making the transition. Central Florida further stated that it believes a change in the PGA True-up in the middle of the winter season may send mixed price signals to its customers. However, Peoples stated that a customer who is most price sensitive likely purchases natural gas from a third party supplier and transports the natural gas over its LDC's distribution system. This customer would be unaffected by PGA True-up changes. Further, we note that the PGA True-up factor is set as a cap with a monthly "flex down" provision. Thus, the recovery period over which the cap applies is relatively insignificant.

On May 10, 1993, this Commission issued Order No. PSC-93-0708-FOF-GU which changed the frequency of the Purchased Gas Adjustment (PGA) True-up hearings from semiannual to annual. This order also directed the investor-owned natural gas utilities to calculate their annual PGA True-up factors on a non-calendar year basis, from April through the following March. Based on our findings above, however, we find that the PGA True-up factor should be determined on a calendar year basis beginning in 1999, pursuant to the transition schedule shown in Attachment D, which is incorporated into this Order by reference.

As we found above, the recovery period for the fuel clause and the ECRC should be changed to allow this Commission and the parties to achieve greater efficiencies. Currently, we set the PGA True-up factors for investor-owned gas utilities to be recovered from April through March of the following year. Unless the timing of the recovery period for the PGA True-up is modified to coincide with the fuel clause and the ECRC, the desired efficiencies can not be achieved.

We believe that Central Florida and Peoples' concerns have some merit in isolation. However, we believe that the long-term benefits to all parties in the four cost recovery clauses will outweigh the one-time transition costs necessary to achieve the desired efficiencies. We will coordinate with each investor-owned gas utility to mitigate the one-time transition impacts.

D. ENERGY CONSERVATION COST RECOVERY CLAUSE

Six parties filed comments concerning the change to a calendar year factor for the ECCR. Gulf, FPUC, and FIPUG expressed support for the proposed change. Again, FIPUG's support was conditioned on an ECCR factor based upon historical, not projected, costs. Consistent with our findings above, we find that FIPUG's proposed change to a historical cost recovery mechanism falls outside the scope of this docket. FIPUG's suggestion would be more appropriate for consideration in the ongoing ECCR docket or a separate docket.

TECO opposes the change. TECO stated that an April through March period coincides very effectively with its budgeting process for its energy conservation costs that are recovered through the ECCR clause. TECO also stated that no compelling reason exists to implement a calendar year cost recovery schedule as opposed to an annual cost recovery period of April through March.

Peoples and Central Florida also oppose the change, but for slightly different reasons. Both stated that the time and expense involved in making the transition would not offset the benefits of a calendar year recovery period. Central Florida stated that a calendar year recovery period would not "mirror" the seasonality of the natural gas industry as the April through March recovery period does. Peoples claimed that a calendar year recovery period may increase the systemic forecasting error present in the projected energy conservation costs.

Pursuant to Rule 25-17.015, Florida Administrative Code, we are required to conduct a hearing in the first quarter of each year to determine an Energy Conservation Cost Recovery (ECCR) factor for investor-owned electric and natural gas utilities on a non-calendar year that commences in April and concludes the following March. Based on our findings above, however, we find that the ECCR factor should be determined on a calendar year basis beginning in 2000, pursuant to the transition schedule shown in Attachment E, which is incorporated into this Order by reference. Further, we find it necessary and appropriate to initiate rulemaking to amend Rule 25-17.015, Florida Administrative Code, to implement this change.

As we found above, the recovery period for the fuel clause, the ECRC, and the PGA True-up should be changed to allow this Commission and the parties to achieve greater efficiencies. Pursuant to Rule 25-17.015, Florida Administrative Code, we currently set the ECCR factors for investor-owned electric and

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natural gas utilities to be recovered from April through March of the following year. Unless the timing of the recovery period for the ECCR is modified to coincide with the fuel clause, the ECRC, and the PGA True-up, the desired efficiencies can not be achieved.

We believe that TECO, Central Florida, and Peoples' statements have some merit in isolation. However, we believe that the long-term benefits to all parties in the four cost recovery clauses will outweigh the one-time transition costs necessary to achieve the desired efficiencies. We will coordinate with each investor-owned electric and gas utility to mitigate the one-time transition impacts.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that factors for the Fuel and Purchased Power Cost Recovery Clause, Capacity Cost Recovery Clause, and Generating Performance Incentive Factor, shall be determined on an annual, calendar year basis for all investor-owned electric utilities, pursuant to the transition schedule shown in Attachment A, which is incorporated herein by reference. It is further

ORDERED that the Environmental Cost Recovery Clause factors for Florida Power & Light Company, Gulf Power Company, and Tampa Electric Company shall be determined on an annual, calendar year basis, pursuant to the transition schedules shown in Attachments B and C, which are incorporated herein by reference. It is further

ORDERED that the Purchased Gas Adjustment True-up factors for all investor-owned natural gas utilities shall be determined on a calendar year basis, pursuant to the transition schedule shown in Attachment D, which is incorporated herein by reference. It is further

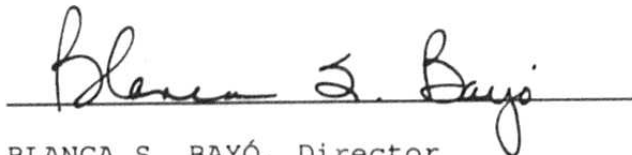
ORDERED that rulemaking shall be initiated to amend Rule 25-17.015, Florida Administrative Code, to provide that the Energy Conservation Cost Recovery Clause factors for all investor-owned electric and natural gas utilities shall be determined on a calendar year basis, pursuant to the transition schedule shown in Attachment E, which is incorporated herein by reference. It is further

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 19th day of May, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 9, 1998.

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 substantially 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.

**FUEL AND PURCHASED POWER COST RECOVERY FILING
TIME LINE - FIRST TIME - TRANSITION**

1997 1998 1999 2000
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D

AUDIT PERIOD APRIL 96 - MARCH 97	AUDIT PERIOD APRIL 97 - MARCH 98	AUDIT PERIOD APRIL 98 - DECEMBER 98	AUDIT PERIOD JANUARY 99 - DECEMBER 99
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CURRENT PERIOD
APRIL 98 - SEPTEMBER 98

PROJECTED PERIOD
OCTOBER 98 - DECEMBER 98

PROJECTED PERIOD
JANUARY 99 - DECEMBER 99

PROJECTED PERIOD
JANUARY 00 - DECEMBER 00

FEBRUARY HEARING - 1998
FOR THE PROJECTED PERIOD
APRIL 98 - SEPTEMBER 98
(Final True-up for April 97 - September 97) plus Actual/Estimated True-up for October 97 - March 98 plus original projection April 98 - September 98

NOVEMBER HEARING - 1998
FOR THE PROJECTED PERIOD
JANUARY 1999 - DECEMBER 1999
Actual/Estimated True-up for April 98 - December 98 plus original projection for January 99 - December 99

NOVEMBER HEARING - 1999
FOR THE PROJECTED PERIOD
JANUARY 2000 - DECEMBER 2000
Final True-up for April 98 - December 98 plus Actual /Estimated True-up for January 99 - December 99 plus original projection January 00 - December 00

AUGUST HEARING - 1998
FOR THE PROJECTED PERIOD
OCTOBER 98 - DECEMBER 98
(Final True-up for October 97 - March 98) plus Actual/Estimated True-up April 98 - September 98 plus original projection October 98 - December 98

Projected filing
All 'E' Schedules
plus testimony
due in October

True-up filing
All 'A' Schedules
plus testimony
due in April

Projected filing
All 'E' Schedules
plus testimony
due in October

True-up filing
All 'A' Schedules
plus testimony
due in May

Projected filing
All 'E' Schedules
plus testimony
due in June

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ATTACHMENT A

ENVIRONMENTAL COST RECOVERY FILING
TIME LINE - FIRST TIME - TRANSITION

1997				1998				1999				2000														
O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
AUDIT PERIOD OCTOBER 97 - SEPTEMBER 97								AUDIT PERIOD OCTOBER 98 - SEPTEMBER 98								AUDIT PERIOD JANUARY 99 - DECEMBER 99										



AUGUST HEARING - 1997
FOR THE PROJECTED PERIOD
OCTOBER 97 - SEPTEMBER 98
(Final True-up for April 96 -
September 96) plus Actual/
Estimated True-up for October 96 -
September 97) plus original projection
October 97 - September 98

NOVEMBER HEARING - 1998
FOR THE PROJECTED PERIOD
JANUARY 1999 - DECEMBER 1999
Actual/Estimated True-up
for October 97 - December 98
plus Original Projection for
January 99 - December 99

NOVEMBER HEARING - 1999
FOR THE PROJECTED PERIOD
JANUARY 2000 - DECEMBER 2000
Final True-up for October 97 - December 98
plus Actual /Estimated True-up for
January 99 - December 99 plus original
projection January 00 - December 00

AUGUST HEARING - 1998
FOR THE PROJECTED PERIOD
OCTOBER 98 - DECEMBER 98
(Final True-up for October 96 -
September 97 plus Actual/Estimated
True-up October 97 - September 98)
plus original projection
October 98 - December 98

Projected filing
All Form 42-E&P Schedules
plus testimony
due in October

Projected filing
All Form 42-E&P Schedules
plus testimony
due in October

True-up filing
All Form 42-A Schedules
plus testimony
due in September

True-up filing
All Form 42-A Schedules
plus testimony
due in April

True-up filing
All Form 42-A Schedules
plus testimony
due in December 97

Projected filing
All Form 42-E&P Schedules
plus testimony
due in June 98

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ATTACHMENT B

ENVIRONMENTAL COST RECOVERY FILING
TIME LINE - FIRST TIME - TRANSITION

1997 1998 1999 2000
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D

AUDIT PERIOD APRIL 96 - MARCH 97
AUDIT PERIOD APRIL 97 - MARCH 98
AUDIT PERIOD APRIL 98 - MARCH 99
AUDIT PERIOD APRIL 99 - MARCH 00

CURRENT PERIOD
APRIL 98 - MARCH 99

PROJECTED PERIOD
APRIL 98 - MARCH 99

PROJECTED PERIOD
APRIL 99 - MARCH 00

PROJECTED PERIOD
APRIL 00 - MARCH 01

FEBRUARY HEARING - 1998
FOR THE PROJECTED PERIOD
APRIL 98 - SEPTEMBER 98
(Final True-up for April 97 -
September 97) plus Actual/
Estimated True-up for October 97 -
March 98) plus original projection
April 98 - September 98

NOVEMBER HEARING - 1998
FOR THE PROJECTED PERIOD
JANUARY 1999 - DECEMBER 1999
Actual/Estimated True-up
for August 98 - December 98
plus Original Projection for
January 99 - December 99

NOVEMBER HEARING - 1999
FOR THE PROJECTED PERIOD
JANUARY 2000 - DECEMBER 2000
Final True-up for April 98 - December 98
plus Actual/Estimated True-up for
January 99 - December 99 plus original
projection January 00 - December 00

AUGUST HEARING - 1998
FOR THE PROJECTED PERIOD
OCTOBER 98 - DECEMBER 98
(Final True-up for October 97 -
March 98) plus Actual/Estimated
True-up April 98 - September 98
plus original projection
October 98 - December 98

Projected filing
All Form 42-E&P Schedules
plus testimony
due in October

Projected filing
All Form 42-E&P Schedules
plus testimony
due in October

True-up filing
All Form 42-A Schedules
plus testimony
due in April

True-up filing
All Form 42-A Schedules
plus testimony
due in May 98

Projected filing
All Form 42-E&P Schedules
plus testimony
due in June 98

AUDIT PERIOD APRIL 98 - MARCH 99
AUDIT PERIOD APRIL 99 - MARCH 00
AUDIT PERIOD APRIL 00 - MARCH 01
AUDIT PERIOD APRIL 01 - MARCH 02

CURRENT PERIOD
APRIL 99 - MARCH 00

PROJECTED PERIOD
APRIL 99 - MARCH 00

PROJECTED PERIOD
APRIL 00 - MARCH 01

PROJECTED PERIOD
APRIL 01 - MARCH 02

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ATTACHMENT C

**PURCHASED GAS COST RECOVERY FILING
TIME LINE - FIRST TIME - TRANSITION**

1998

1999

2000

O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D

AUDIT PERIOD
OCTOBER 98 - SEPTEMBER 99

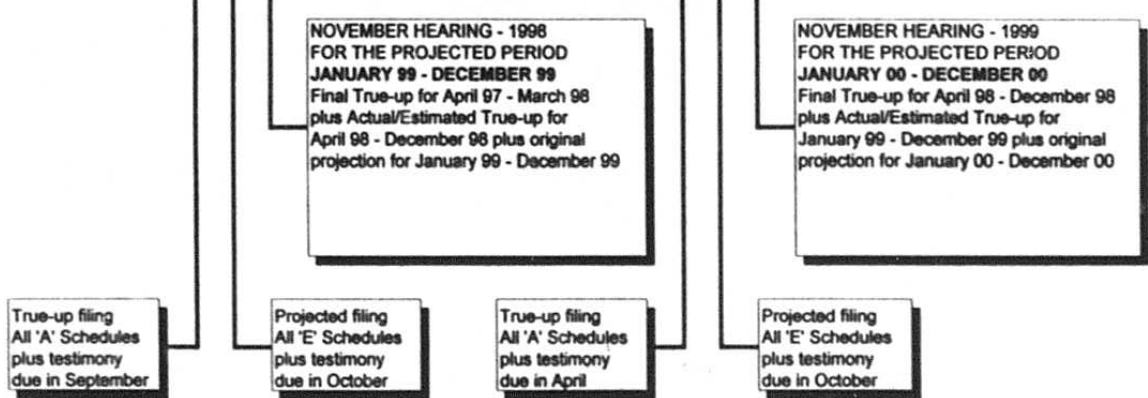
AUDIT PERIOD
OCTOBER 99 - DECEMBER 99

AUDIT PERIOD
JANUARY 00 - DECEMBER 00

PRIOR PERIOD
APRIL 97 - MARCH 98

CURRENT PERIOD
APRIL 98 - MARCH 99

PROJECTED PERIOD
JANUARY 00 - DECEMBER 00

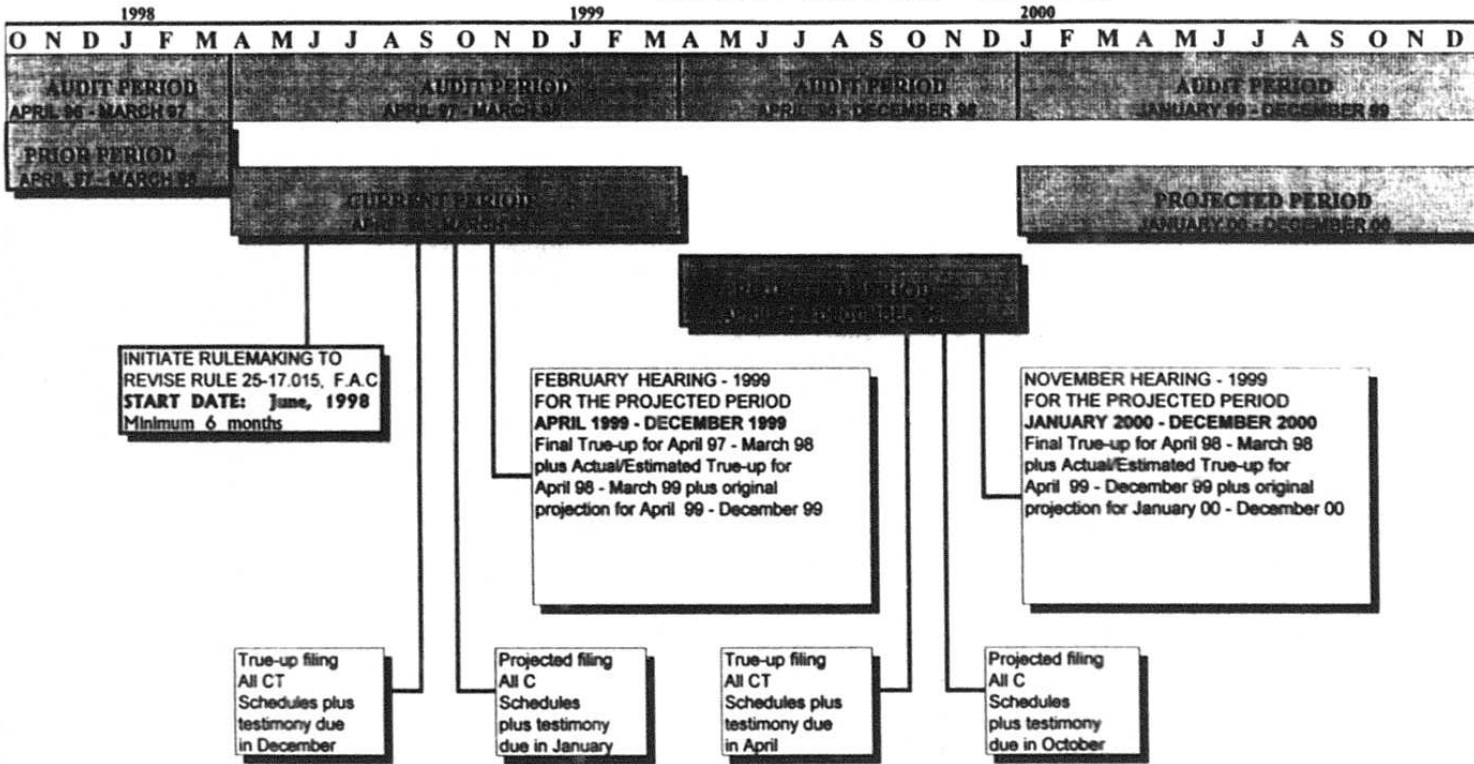


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ATTACHMENT D



**ENERGY CONSERVATION COST RECOVERY FILING
TIME LINE - FIRST TIME - TRANSITION**



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ATTACHMENT E