

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power  
cost recovery clause and  
generating performance incentive  
factor.

DOCKET NO. 980001-EI  
ORDER NO. PSC-98-1223-FOF-EI  
ISSUED: September 17, 1998

The following Commissioners participated in the disposition of  
this matter:

SUSAN F. CLARK  
JOE GARCIA  
E. LEON JACOBS, JR.

APPEARANCES:

KENNETH A. HOFFMAN, ESQUIRE, Rutledge Ecenia Underwood Purnell  
& Hoffman, P.A., Post Office Box 551, Tallahassee, Florida  
32302  
On behalf of Florida Public Utilities Company (FPUC).

JAMES A. MCGEE, ESQUIRE, Post Office Box 14042, St.  
Petersburg, Florida 33733  
On behalf of Florida Power Corporation (FPC).

JEFFERY A. STONE, ESQUIRE, and RUSSELL A. BADDERS, ESQUIRE,  
Beggs & Lane, Post Office Box 12950, Pensacola, Florida 32576  
On behalf of Gulf Power Company (Gulf).

JAMES D. BEASLEY, ESQUIRE, and LEE L. WILLIS, ESQUIRE, Ausley  
& McMullen, Post Office Box 391, Tallahassee, Florida 32302  
On behalf of Tampa Electric Company (TECO).

JOHN W. McWHIRTER, ESQUIRE, McWhirter Reeves McGlothlin  
Davidson Decker Kaufman Arnold & Steen, Post Office Box 3350,  
Tampa, Florida 33601; JOSEPH A. MCGLOTHLIN, ESQUIRE, and VICKI  
GORDON KAUFMAN, ESQUIRE, McWhirter Reeves McGlothlin Davidson  
Decker Kaufman Arnold & Steen, 117 South Gadsden Street,  
Tallahassee, Florida 32301  
On behalf of Florida Industrial Power Users Group (FIPUG).

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FPSC-RECORDS/REPORTING

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JOHN ROGER HOWE, ESQUIRE, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399  
On behalf of the Citizens of the State of Florida (OPC).

LESLIE J. PAUGH, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
On behalf of the Commission Staff (Staff).

ORDER APPROVING PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL ADJUSTMENT FACTORS; GPIF TARGETS, RANGES AND REWARDS; AND PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

BY THE COMMISSION:

As part of the Commission's continuing fuel cost recovery and environmental cost recovery proceedings, a hearing was held on August 26, 1998, in this docket and in Docket No. 980007-EI. The hearing addressed the issues set out in the Prehearing Order. The parties stipulated to a resolution of all of the issues.

**GENERIC FUEL ADJUSTMENT ISSUES**

We approve as reasonable the following stipulations as to the final fuel adjustment true-up amounts for the period October, 1997, through March, 1998:

FPC:	\$10,825,869	underrecovery
FPUC Marianna:	\$125,045	overrecovery
Fernandina Beach:	\$121,303	overrecovery
GULF:	\$225,379	underrecovery
TECO:	\$53,414	overrecovery

We approve as reasonable the following stipulations as to the estimated fuel adjustment true-up amounts for the period April, 1998, through September, 1998:

FPC:	\$7,578,770	overrecovery
FPUC Marianna:	\$47,885	overrecovery
Fernandina Beach:	\$125,825	overrecovery
GULF:	\$1,097,022	overrecovery
TECO:	\$3,950,955	overrecovery

We approve as reasonable the following stipulations as to the total fuel adjustment true-up amounts to be collected/refunded:

FPC:	\$3,247,099	underrecovery
FPUC	Marianna:	\$172,930 overrecovery
	Fernandina Beach:	\$247,128 overrecovery
GULF:	\$871,643	overrecovery
TECO:	\$4,004,369	overrecovery

We approve as reasonable the stipulations as to the recovery period to collect/refund the total fuel adjustment true-up amounts. The recovery period shall be October, 1998, through December, 1998.

We approve as reasonable the following stipulation to allow the electric utilities, except for FPUC-Marianna and FPUC-Fernandina Beach, to set their levelized fuel cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, issued March 20, 1998, in Docket No. 980001-EI, for the period October, 1998, through December, 1998. This stipulation will bridge the three month gap between the expiration of the current factors and commencement of the 12-month annual factors required by Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, Docket No. 980269-PU. This stipulation will also increase administrative efficiencies, and will decrease confusion for the electric utilities' customers. Calendar year 1999 levelized fuel cost recovery factors will be established at the November, 1998, hearing set for this docket.

Due to the magnitude of the decrease for FPUC-Marianna and FPUC-Fernandina Beach, their levelized fuel cost recovery factors shall be adjusted downward to 2.112¢/kWh and 2.006¢/kWh, respectively.

We approve as reasonable the following stipulations as to the appropriate levelized fuel cost recovery factors for the period October, 1998, through December, 1998:

FPC:	2.122 cents per kWh.
FPUC:	Marianna: 2.112 cents per kWh.
	Fernandina Beach: 2.006 cents per kWh.
GULF:	1.626 cents per kWh.
TECO:	2.337 cents per kWh.

We approve as reasonable the following stipulation as to the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes:

The new factors shall be effective beginning with the first billing cycle for October, 1998, and thereafter through the last billing cycle for December, 1998. The first billing cycle may start before October 1, 1998, and the last billing cycle may end after December 31, 1998, so long as each customer is billed for three months regardless of when the factors became effective.

We approve as reasonable the following stipulation as to the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class:

FPC:	<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
	A.	Transmission	0.9800
	B.	Distribution Primary	0.9900
	C.	Distribution Secondary	1.0000
	D.	Lighting Service	1.0000

FPUC:	<u>Rate Schedule</u>	<u>Multiplier</u>
	<u>Marianna</u>	
	All Rate Schedules	1.0000
	<u>Fernandina Beach</u>	
	All Rate Schedules	1.0000

GULF: See table below:

Group	Rate Schedules*	Line Loss Multipliers
A	RS, GS, GSD, GSDT, SBS, OSIII, OSIV	1.01228
B	LP, LPT, SBS	0.98106
C	PX, PXT, SBS, RTP	0.96230
D	OSI, OSII	1.01228

\*The multiplier applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO:

<u>Group</u>	<u>Multiplier</u>
Group A	1.0072
Group A1	n/a*
Group B	1.0013
Group C	0.9687

\*Group A1 is based on Group A, 15% of On-Peak and 85% of Off-Peak.

We approve as reasonable the following stipulations as to the Fuel Cost Recovery Factors for each rate class/delivery voltage level class adjusted for line losses:

FPC: Group	Delivery Voltage Level	Fuel Cost Factors (cents/kWh)		
		Standard	Time Of Use	
			On-Peak	Off-Peak
A.	Transmission	2.083	2.689	1.754
B.	Distribution Primary	2.105	2.718	1.772
C.	Distribution Secondary	2.126	2.745	1.790
D.	Lighting Service	1.969		

FPUC: Marianna:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$0.04140
GS	\$0.04070
GSD	\$0.03580
GSLD	\$0.03440
OL	\$0.02592
SL	\$0.02601

Fernandina Beach:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$0.03595
GS	\$0.03446
GSD	\$0.03164
CSL	\$0.02253
OL	\$0.02253
SL	\$0.02253

GULF: See table below:

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, GSDT, SBS OSIII, OSIV	1.646	2.169	1.395
B	LP, LPT, SBS	1.595	2.102	1.352
C	PX, PXT, SBS, RTP	1.565	2.062	1.326
D	OSI, OSII	1.463	N/A	N/A

\*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO:	<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
Group A	2.354	3.334	1.883
Group A1	2.101	n/a	n/a
Group B	2.340	3.314	1.872
Group C	2.264	3.206	1.811

We approve as reasonable the following stipulations as to the revenue tax factor to be applied in calculating each company's levelized fuel factor for the projection period of October, 1998, through December, 1998:

FPC:	1.00083
FPUC Marianna:	1.00083
Fernandina Beach:	1.01609
GULF:	1.01609
TECO:	1.00083

**COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES**

Florida Power Corporation

We approve as reasonable the deferral until the November, 1998, hearing set for this docket, the confirmation of the validity of the methodology used by Florida Power Corporation to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1997.

We approve as reasonable the deferral until the November, 1998, hearing set for this docket, the determination of whether Florida Power Corporation has properly calculated the market price true-up for coal purchases from Powell Mountain.

We approve as reasonable the deferral until the November, 1998, hearing set for this docket, the determination of whether Florida Power Corporation has properly calculated the 1997 price for waterborne transportation services provided by Electric Fuels Corporation.

Tampa Electric Company

We approve as reasonable the deferral until the November, 1998, hearing set for this docket, the determination of the appropriate 1997 benchmark price for coal Tampa Electric Company purchased from its affiliate, Gatliff Coal Company.

We approve as reasonable the deferral until the November, 1998, hearing set for this docket, the determination of whether the Tampa Electric Company has adequately justified costs associated with the purchase of coal from Gatliff Coal Company that exceed the 1997 benchmark price.

We approve as reasonable the deferral until the November, 1998, hearing set for this docket, the determination of the appropriate 1997 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company.

We approve as reasonable the deferral until the November, 1998, hearing set for this docket, the determination of whether the Tampa Electric Company has adequately justified any costs associated with transportation services provided by affiliates of



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Tampa Electric Company that exceed the 1997 waterborne transportation benchmark price.

We approve as reasonable Tampa Electric Company's continuation of the temporary base rate reduction pursuant to the stipulation approved by Order No. PSC-96-1300-S-EI, in Docket No. 960409-EI, issued October 24, 1996.

Tampa Electric shall reflect the \$25 million temporary base rate reduction as a line-item credit on customers' bills over a 15 month period which commenced October 1, 1997, with the reduction netted against 1999 refunds which may have otherwise been made pursuant to the stipulations reached in Docket No. 950379-EI and approved in Order No. PSC-96-0670-S-EI, issued May 20, 1996 and in Docket No. 960409-EI, approved in Order No. PSC-96-1300-S-EI, issued October 24, 1996. The temporary base rate reduction is 0.130 cents/kWh on average and should be adjusted for each rate class according to the line loss factors set forth on page five of this Order.

#### **GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES**

We approve as reasonable the following stipulation of the parties as to the appropriate GPIF reward or penalty for performance achieved during the period October, 1997, through March, 1998:

This issue shall be deferred until the November, 1998, hearing set for this docket. For Florida Power Corporation, Tampa Electric Company, and Gulf Power Company, the reward/penalty for October, 1997, through March, 1998, shall be included in the calculation of the fuel cost recovery factor for the period January, 1999, through December, 1999. For Florida Power & Light Company, the reward/penalty for October, 1996, through September, 1997, shall be included in the calculation of the fuel cost recovery factor for the period January, 1999, through December, 1999. The reward/penalty for Florida Power Corporation, Tampa Electric Company, and Gulf Power Company for April, 1998, through December, 1998, shall be included in the calculation of the utility's fuel cost recovery factor for the period January, 2000, through December, 2000. For Florida Power & Light Company, the reward/penalty for October, 1997,

through December, 1998, shall be included in the calculation of the fuel cost recovery factor for the period January, 2000, through December, 2000. The reward/penalty for each utility for January, 1999, through December, 1999, shall be included in the calculation of the utility's fuel cost recovery factor for the period January, 2001, through December, 2001.

We approve as reasonable the following stipulation of the parties as to what the GPIF targets/ranges should be for the period October, 1998, through December, 1998:

During the August, 1998, hearing, no targets and ranges were approved for the period October, 1998, through December, 1998. At the November, 1998, hearing, we will consider for approval the targets and ranges for each utility for a 3-month period from October, 1998, through December, 1998, and a 12-month period from January, 1999, through December, 1999. Thereafter, we shall consider for approval targets and ranges on a calendar year basis.

#### **GENERIC CAPACITY COST RECOVERY FACTOR ISSUES**

We approve as reasonable the following stipulation of the parties as to what the appropriate final capacity cost recovery true-up amount is for the period October, 1997, through March, 1998:

TECO: \$347,147 underrecovery  
FPC: \$2,311,764 underrecovery

We approve as reasonable the following stipulation as to what the appropriate final capacity cost recovery true-up amount is for the period October, 1996, through September, 1997:

Gulf: \$1,478,455 overrecovery

We approve as reasonable the following stipulation of the parties as to what the estimated capacity cost recovery true-up amount is for the period April, 1998, through September, 1998:

TECO: \$66,430 underrecovery  
FPC: \$3,306,747 underrecovery

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We approve as reasonable the following stipulation as to what the estimated capacity cost recovery true-up amount is for the period October, 1997, through September, 1998:

Gulf: \$2,389,778 underrecovery

We approve as reasonable the following stipulation of the parties as to what the total capacity cost recovery true-up amount to be collected/ refunded shall be:

TECO: \$413,577 underrecovery  
FPC: \$5,618,511 underrecovery  
GULF: \$911,323 underrecovery

We approve as reasonable the following stipulation that the appropriate recovery period to collect/refund the total capacity cost recovery true-up amounts shall be from October, 1998, through December, 1998.

We approve as reasonable the following stipulation of the parties as to what the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period October, 1998, through December, 1998, shall be:

TECO: \$6,418,433  
FPC: \$80,217,280  
GULF: \$2,148,430

We approve as reasonable the stipulation of the parties to allow Florida Power Corporation and Tampa Electric Company to keep their capacity cost recovery factors at the rate set by Order No. PSC-98-0412-FOF-EI, issued March 20, 1998, in Docket No. 980001-EI, for the period October, 1998, through December, 1998. This stipulation will bridge the three month gap between the expiration of the current factors and commencement of the 12-month annual factors set forth in Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, Docket No. 980269-PU. This stipulation will also increase administrative efficiencies, and will decrease confusion for Florida Power Corporation's and Tampa Electric Company's customers.

We approve as reasonable the stipulation of the parties to allow Gulf Power Company to keep its capacity cost recovery factor at the rate set by Order No. PSC-97-1045-FOF-EI, issued September 5, 1997, in Docket No. 970001-EI, for the period October, 1998,

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through December, 1998. This stipulation will bridge the three month gap between the expiration of the current factors and commencement of the 12-month annual factors set forth in Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, Docket No. 980269-PU. This stipulation will also increase administrative efficiencies, and will decrease confusion for Gulf Power Company's customers.

We approve as reasonable the following stipulation of the parties as to what the projected capacity cost recovery factors for the period October, 1998, through December, 1998 shall be:

FPC: CAPACITY RECOVERY  
FACTOR (CENTS/KWH)

RESIDENTIAL	1.004
GENERAL SERVICE NON-DEMAND	.795
@PRIMARY VOLTAGE	.787
@TRANSMISSION VOLTAGE	.779
GENERAL SERVICE 100% LOAD FACTOR	.548
GENERAL SERVICE DEMAND	.662
@PRIMARY VOLTAGE	.655
@TRANSMISSION VOLTAGE	.648
CURTAILABLE	.555
@PRIMARY VOLTAGE	.549
@TRANSMISSION VOLTAGE	.544
INTERRUPTIBLE	.519
@PRIMARY VOLTAGE	.514
@TRANSMISSION VOLTAGE	.509
LIGHTING	.192

TECO:

CAPACITY RECOVERY  
FACTOR (CENTS/KWH)

RS, RST	.188
GS, GST, TS	.181
GSD, GSDT, EV-X	.139
GSLD, GSLDT, SB., SBFT	.123
IS-1&3, IST-1&3, SBI-1&3, SBIT-1&3	.011
SL/OL	.022

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Gulf:

CAPACITY RECOVERY  
FACTOR (CENTS/KWH)

RS, RST	.054
GS, GST	.052
GSD, GSDT	.039
LP, LPT	.035
PX, PXT, RTP	.029
OS-1, OS-11	.013
OS-111	.031
OS-IV	.065
SBS	.037

Based on the forgoing, it is

ORDERED by the Florida Public Service Commission that the stipulations set forth in the body of this Order are hereby approved. It is further

ORDERED that Florida Power Corporation, Tampa Electric Company, Gulf Power Company and Florida Public Utilities Company are hereby authorized to apply the fuel cost recovery factors set forth herein during the period of October, 1998, through December, 1998. It is further

ORDERED that the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Florida Power Corporation and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors as set forth herein during the period October, 1998, to December, 1998. It is further

ORDERED that Gulf Power Company is hereby authorized to apply the capacity cost recovery factors as set forth herein during the period October, 1998, to December, 1998. It is further

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ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based.

By ORDER of the Florida Public Service Commission this 17th day of September, 1998.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

LJP

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.

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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

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First District Court of Appeal in the case of a water and/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 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.