

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 990001-EI  
ORDER NO. PSC-99-1606-PCO-EI  
ISSUED: August 16, 1999

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON  
SUSAN F. CLARK  
JULIA L. JOHNSON

ORDER ACKNOWLEDGING GREATER THAN TEN PERCENT DISCREPANCY  
BETWEEN ACTUAL AND PROJECTED CAPACITY COSTS

BY THE COMMISSION:

Pursuant to Order No. 13694, issued September 20, 1984, an investor-owned electric utility is required to notify this Commission if its actual fuel or capacity costs are expected to be at least ten percent higher or lower than its projected costs during a given recovery period. We reaffirmed this policy in Order No. PSC-98-0691-FOF-PU, issued May 19, 1998.

On July 6, 1999, Gulf Power Company (Gulf) notified this Commission that Gulf's actual capacity costs for the twelve-month recovery period ending December 31, 1999, would be at least ten percent greater than projected capacity costs. In lieu of a mid-course correction to its capacity cost recovery factors, Gulf requests that we allow consideration of increased capacity costs through the true-up mechanism already in place during our November 1999 cost recovery hearing, when capacity cost recovery factors are determined for the January 2000 - December 2000 recovery period. For the reasons stated below, we grant Gulf's request.

In its October 12, 1998, capacity cost projection filing, Gulf estimated its committed market capacity purchases, Intercompany Interchange Contract (IIC) capacity payments, and capacity payments to qualifying facilities (QFs) for the January 1999 - December 1999 recovery period to be \$7,007,984. Gulf's current capacity cost recovery factors reflect this projection. With actual data for January 1999 through May 1999 and revised projected data for June 1999 through December 1999, Gulf now estimates its committed market capacity purchase payments, IIC capacity payments, and capacity

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payments to QF's for the January 1999 - December 1999 recovery period to be \$9,369,621.

Since Gulf's October 1998 capacity cost projection filing Gulf's own capacity resource projections, as well as those of other Southern Company system operating companies, have decreased. In addition, Gulf's peak demand forecast has increased. As a result of these changes, Gulf and the Southern Company electric system have been required to make additional summer capacity purchases to ensure adequate reserve margins for the anticipated summer load. Further, the market price for short-term capacity has increased substantially from the summer 1998 prices upon which Gulf based its October 1998 projection filing.

If we require Gulf to implement a mid-course correction to its capacity cost recovery factors at this time, Gulf would have to modify its billing system, and its customers would have to make adjustments for their own planning purposes. The impact of the mid-course correction would be \$.97/month on the average residential customer bill. If we instead allow Gulf to collect the amount of its capacity cost under-recovery during the January 2000-December 2000 recovery period, the impact on the average residential customer bill would be \$.35/month. In addition, by deferring consideration of Gulf's increased capacity costs until our November 1999 hearing, we will have more opportunity through the discovery process to make a determination of the appropriateness of the under-recovery amount.

In summary, we find that Gulf should not implement a mid-course correction to its capacity cost recovery factors for the period September 1999 through December 1999. This will allow Gulf and its customers to maintain the current billing factors and will provide us the opportunity to examine the appropriateness of Gulf's increased capacity costs through discovery in preparation for our November 1999 hearing.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Power Company's notification that its actual capacity costs for the twelve-month cost recovery period ending December 31, 1999, will exceed projected capacity costs by greater than ten percent is hereby acknowledged. It is further

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ORDERED that Gulf Power Company is not required to implement a mid-course correction to its capacity cost recovery factors at this time, but that the appropriateness of Gulf's increased capacity costs shall be determined at this Commission's November 1999 cost recovery hearing. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 16th day of August, 1999.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

WCK

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1)

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reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

M E M O R A N D U M

AUGUST 16, 1999

REC'D  
AUG 15 AM 11:09  
RECORDS AND REPORTING  
RUE

TO: DIVISION OF RECORDS AND REPORTING  
FROM: DIVISION OF LEGAL SERVICES (C. KEATING) *WCK*  
RE: DOCKET NO. 990001-EI - FUEL AND PURCHASED POWER COST  
RECOVERY CLAUSE AND GENERATING PERFORMANCE INCENTIVE  
FACTOR

*4406-PCD*

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Attached is an ORDER ACKNOWLEDGING GREATER THAN TEN PERCENT DISCREPANCY BETWEEN ACTUAL AND PROJECTED CAPACITY COSTS to be issued in the above-referenced docket. (Number of pages in order - 4)

WCK/js  
Attachment  
cc: Division of Electric and Gas (Ging, Bohrmann)  
I:990001o2.wck

*10/0 -*