

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-99-2512-FOF-EI
ISSUED: December 22, 1999

The following Commissioners participated in the disposition of
this matter:

J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.

APPEARANCES:

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FPSC-RECORDS/REPORTING

WM. COCHRAN KEATING IV, 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 EXPENDITURE AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

As part of the Commission's continuing fuel and purchased power cost recovery and generating performance incentive factor proceedings, a hearing was held on November 22 - 23, 1999, in this docket. The hearing addressed the issues set out in the Prehearing Order for this docket. Many of these issues were stipulated by the parties and presented to us for approval, but several contested issues remained for our consideration. The contested issues that remained included generic and company-specific issues, the resolution of which affected the projected expenditures and true-up amounts for fuel and capacity for the investor-owned electric utilities, and, consequently, affected the utilities' fuel and capacity cost recovery factors. Only the operating divisions of Florida Public Utilities Company (FPUC) are not affected by our vote on those issues; the parties have stipulated to the appropriate actual and projected amounts to be included in FPUC's fuel adjustment factors.

I. GENERIC FUEL AND CAPACITY COST RECOVERY ISSUES

A. Appropriate Treatment for Transmission Revenues from Non-Separated, Off-Broker, Wholesale Energy Sales

The investor-owned electric utilities ("IOUs") are not consistent in their treatment of transmission revenues from non-separated wholesale energy sales not made through the Energy Broker Network ("EBN"). Florida Power Corporation (FPC) currently treats these transmission revenues as a credit to operating revenues. Florida Power & Light Company (FPL) currently treats these revenues as a credit to the capacity cost recovery clause ("capacity clause"). Gulf Power Company (Gulf) and Tampa Electric Company (TECO) currently treat these revenues as a credit to the fuel and purchased power cost recovery clause ("fuel clause").

We find that FPC, FPL, Gulf, and TECO should treat these revenues in a consistent manner as a credit to retail ratepayers through the capacity clause. In the capacity clause, costs are allocated based on each class' contribution to peak demand. This allocation method conforms with the method used to allocate transmission costs in a base rate proceeding.

We also find it appropriate for FPC to use its transmission-related separation factor to separate these revenues among the wholesale and retail jurisdictions. Applying FPC's transmission-related separation factor to the revenues and costs associated with its non-separated, non-Broker, wholesale energy sales, results in the separation of approximately 30% of these revenues and costs into the wholesale jurisdiction. Applying FPC's generation-related separation factor results in a separation of less than 3% of these revenues and costs into the wholesale jurisdiction. Because of this disparity, FPC shall be permitted to use its transmission-related separation factor for these revenues. Absent this treatment, FPC would be required to credit its retail and firm wholesale customers with an amount greater than what FPC receives in revenues from its non-firm wholesale sales.

B. Appropriate Treatment for Generation-Related Gain from Non-Separated, Off-Broker Wholesale Energy Sales

The IOUs are not consistent in their treatment of generation-related gain from non-separated wholesale energy sales not made through the Broker. FPC and FPL currently credit 100% of these gains to retail customers through the capacity clause. Gulf and TECO currently apply a 20% shareholder incentive to these gains and credit the remaining 80% to retail ratepayers through the fuel clause. While there is inconsistent application of the 20% shareholder incentive to these gains, this portion of this Order addresses only the question of which clause these gains should be credited through.

We find that FPC, FPL, Gulf, and TECO should treat these gains in a consistent manner as a credit to retail ratepayers through the fuel clause. Typically, non-separated, non-broker wholesale energy sales are energy transactions that involve no capacity commitment by the selling utility. These types of sales are recallable by the selling utility if it needs that energy to serve its native load. Utilities do not plan to serve these types of transactions when planning their generation resources to meet peak demands. Thus, while we recognize that such transactions would not take place

absent available capacity, we believe that the gains from these transaction are more appropriately treated as a credit to retail ratepayers through the fuel clause. We note that treating gains as a credit through the fuel clause will provide symmetry with the treatment of costs involved in making purchases in these types of transactions, i.e., the costs of purchases are currently recovered through the fuel clause.

The record indicates that certain types of these sales may include an identifiable capacity component, i.e., a separate capacity charge. Thus, to the extent that a non-separated, non-broker wholesale energy sale includes an identifiable capacity component, that capacity component should be credited to retail ratepayers through the capacity clause.

C. Shareholder Incentive for Economy Energy Sales

Pursuant to Order No. 12923, issued January 24, 1984, in Docket No. 830001-EU-B, this Commission established an incentive mechanism to encourage IOUs to make economy energy transactions. In that Order, we stated that economy energy transactions represent the sale of energy between electric companies and that the gains on such transactions are realized by the selling utility through the split-the-savings methodology used to calculate the selling price of economy energy. We found that selling utilities should be allowed to retain 20% of the gain on economy energy sales for their shareholders and should credit the remaining 80% to retail ratepayers through the fuel clause. We stated that the 20% incentive was large enough to maximize the amount of economy energy sales and provide a net benefit to ratepayers.

In this proceeding, an issue was raised concerning whether the 20% shareholder incentive is still necessary or appropriate and whether it should be eliminated. We took testimony on this issue from FPC, Gulf, TECO, the Florida Industrial Power Users Group (FIPUG), the Office of Public Counsel (OPC), and our staff. We also heard extensive cross-examination on this issue. However, we do not believe it is appropriate to make a decision on this issue at this time.

Eliminating the 20% shareholder incentive would represent a major shift in this Commission's policy. We believe that such a policy shift would more appropriately be decided by the full Commission, rather than the three-Commissioner panel assigned to this proceeding. Further, we believe that the record developed in

this proceeding leaves additional questions to be answered. Accordingly, we take no action on this issue and instruct our staff to institute an appropriate proceeding by which the full Commission may more thoroughly explore this issue before the next annual fuel hearing.

A separate issue was raised concerning what types of economy energy sales should be eligible for the 20% shareholder incentive, if that incentive is not eliminated. The record shows that the IOU's do not uniformly apply the 20% shareholder incentive to the same types of economy energy transactions. If the 20% incentive remains after consideration in the separate proceeding discussed above, we believe that the incentive should be applied uniformly by the IOUs, absent justification for different treatment. Until such time as we consider the threshold issue of whether the incentive should be eliminated, we find that the IOUs may continue to apply the incentive as they currently apply it, maintaining the status quo. However, IOUs shall treat transmission revenues and generation-related gains from non-separated, non-Broker wholesale energy sales as set forth above in this Order.

D. Testimony Filing Schedule for 2000 Fuel Hearing

By Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, in Docket No. 980269-PU, we established the current hearing and testimony filing schedule for this docket. Pursuant to that Order, IOUs are required to file testimony in April of each year concerning their final true-up data for the previous year. Further, IOUs are required to file testimony in October of each year concerning their estimated true-up data for that year and their projected fuel and purchased power costs for the following year. The Order also requires that we conduct a hearing in this docket to address the above testimony in November of each year so that we may establish fuel and capacity cost recovery factors for the following calendar year.

The requirement of a November hearing reflects the practical limitations on the IOUs' ability to reprogram their billing systems and to notify their customers before the effective date of the new factors. However, by requiring current-year estimated true-up data and next-year projected data to be filed in October, intervenors and our staff are given little time to review those filings and to engage in meaningful discovery prior to a November hearing in this docket. Further, recent experience in this docket has shown that circumstances, such as hurricane preparations, that cause a delay

in an IOU's filing, will shorten the time for review and create even more difficulties for intervenors who wish to respond with testimony of their own.

To attempt to remedy this situation, we find that the IOUs should now be required (1) to file current-year estimated true-up data at least 90 days prior to each annual fuel hearing and (2) to file next-year projected data at least 60 days prior to each annual fuel hearing. In reaching this decision, we recognize that there may be some loss of precision in the IOUs' projection filings. However, we believe that this potential loss of precision is outweighed by the allowance for more thorough and meaningful review of the IOUs' filings under these deadlines. Therefore, beginning in 2000, these deadlines should be reflected in the Commission's procedural orders for the annual fuel hearings in this docket.

II. COMPANY-SPECIFIC FUEL ISSUES

A. Florida Power & Light Company

1. Regulatory Treatment of Last Core of Nuclear Fuel

FPL seeks to amortize, on a going-forward basis, the cost of its nuclear units' "last core" of nuclear fuel over the remaining life of each plant and to recover that cost through the fuel and purchased power cost recovery clause. The appropriate treatment of these "last core" costs has never been addressed by this Commission.

We believe that the record developed in this proceeding leaves many additional questions to be answered before this Commission can make an informed decision concerning the appropriate treatment for these costs. Therefore, we find that the appropriate treatment of these costs should be addressed and determined in a separate, generic proceeding that includes FPC, the state's other operator of a nuclear generator. FPL may not recover these costs through the fuel and purchased power cost recovery clause at this time.

2. Recovery of Energy Payments to Cedar Bay Cogeneration Facility

FPL seeks to recover through the fuel clause energy payments made to the Cedar Bay cogeneration facility as a result of a court's interpretation of the energy pricing provisions of FPL's contract with Cedar Bay. We believe that FPL's request raises a

policy issue that would more appropriately be decided by the full Commission in a separate proceeding, rather than the three-Commissioner panel assigned to this proceeding. The full Commission previously considered the policy implications of related issues involving FPC and Lake Cogen, Ltd. in other dockets, and should consider the policy implications of this issue as well.

We note that the majority of these payments appear to be the type of costs that this Commission would routinely allow to be recovered through the fuel clause. We also note that these payments reflect a small percentage of FPL's total fuel costs. Therefore, pending resolution of this issue by the full Commission, we approve recovery of these payments as proposed through FPL's fuel cost recovery factors. If the full Commission determines that any portion of these payments should not be recovered through the fuel clause, that portion shall be subject to refund with interest.

B. Florida Power Corporation

1. Recovery of Energy Payments to Lake Cogen, Ltd.

FPC seeks to recover through the fuel clause energy payments made to Lake Cogen, Ltd. as a result of a court's interpretation of the energy pricing provisions of FPC's contract with Lake Cogen. We believe that FPC's request raises a policy issue that would more appropriately be decided by the full Commission in a separate proceeding, rather than the three-Commissioner panel assigned to this proceeding. The full Commission previously considered the policy implications of related issues involving FPC and Lake Cogen, Ltd. in other dockets, and should consider the policy implications of this issue as well.

We note that the majority of these payments appear to be the type of costs that this Commission would routinely allow to be recovered through the fuel clause. We also note that these payments reflect a small percentage of FPC's total fuel costs. Therefore, pending resolution of this issue by the full Commission, we approve recovery of these payments as proposed through FPC's fuel cost recovery factors. If the full Commission determines that any portion of these payments should not be recovered through the fuel clause, that portion shall be subject to refund with interest.

2. Stipulated Issues

The parties have stipulated that FPC has confirmed the appropriateness of the "short-cut" methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 1998. We approve this stipulation as reasonable.

The parties have stipulated that FPC properly calculated the market price true-up for coal purchases from Powell Mountain in accordance with the methodology we approved in Docket No. 860001-EI-G. We approve this stipulation as reasonable.

The parties have stipulated that FPC properly calculated the 1998 price for waterborne transportation services provided by Electric Fuels Corporation in accordance with the methodology we approved in Docket No. 930001-EI.

C. Gulf Power Company

1. Stipulated Issues

The parties have stipulated that Gulf's proposal to burn low sulfur coal in its Smith Units 1 and 2 is the most cost-effective strategy to comply with Phase II of the 1990 Amendment to the Clean Air Act. The parties have further stipulated that this strategy is more cost-effective than installation of additional pollution control equipment at Plant Smith and more economical than the use of high sulfur coal plus additional allowances. We approve this stipulation as reasonable.

The parties have stipulated that Gulf's proposal to burn bituminous coal at its Plant Daniel is the most cost-effective strategy to increase Gulf's capacity resources by 52 megawatts (MW). We approve this stipulation as reasonable.

D. Tampa Electric Company

1. Incremental Replacement Fuel and Purchased Power Costs Associated with Explosion at Gannon Unit 6

We find that TECO may recover, through the fuel and purchased power cost recovery clause, the incremental replacement fuel and purchased power costs incurred as a result of the April 9, 1999, explosion at Gannon Unit 6. Upon review of all the facts and

circumstances leading up to the explosion, we find that TECO's management acted prudently based upon information that was known or that should have been known by TECO's management at the time the explosion occurred. In other words, the actions of TECO's management do not rise to the level required for disallowance of these replacement fuel and purchased power costs.

2. Energy Costs Associated with Purchased Power Agreements

TECO seeks recovery in this proceeding of the energy costs associated with five purchased power agreements that it has entered into: two with Okeelanta Corporation, one with Farmland Hydro, one with Auburndale Power Partners, and one with Hardee Power Partners Limited. At the present time, we find that these costs should be recovered through the fuel clause. However, if information indicating that these costs were not prudently incurred is discovered, the prudence of these costs may be raised as an issue for our consideration in a future fuel hearing.

3. Costs Associated with Acceleration of Commercial In-Service Date for Polk Unit 2

TECO has accelerated the commercial in-service date of its Polk Unit 2 from January 2001 to October 2000. TECO seeks recovery in this proceeding of the costs associated with this action. At the present time, we find that these costs should be recovered through the fuel clause. However, if information indicating that these costs were not prudently incurred is discovered, the prudence of these costs may be raised as an issue for our consideration in a future fuel hearing.

4. Regulatory Treatment of Wholesale Power Supply Agreement with Florida Municipal Power Agency

Under a wholesale power agreement with the Florida Municipal Power Agency (FMPA), TECO is obligated to provide FMPA with specified amounts of capacity and associated energy from December 16, 1996 through March 15, 2001. Pursuant to a stipulation approved in Order No. PSC-96-1300-S-EI, issued October 24, 1999, in Docket No. 960409-EI, TECO is required to treat its sale to FMPA as a separated wholesale sale. Under this treatment, TECO credits the Environmental Cost Recovery Clause ("ECRC") and the fuel clause with system incremental SO₂ allowance and fuel costs, respectively, associated with the FMPA sale. TECO separates capital and operating and maintenance ("O&M") costs of the FMPA sale from the

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retail jurisdiction at average embedded cost. The stipulation requiring this treatment ends December 31, 1999.

In Order No. PSC-97-0262-FOF-EI, issued March 11, 1997, this Commission set forth its basic policy on the regulatory treatment for recovery of fuel costs of long-term, firm, wholesale power sales. Under this policy, a utility is required to credit system average fuel costs through the fuel clause unless it demonstrates, on a case-by-case basis, that a particular transaction provides net benefits to retail ratepayers, in which case incremental fuel costs can be credited to the fuel clause.

TECO now proposes that, upon completion of the stipulation on December 31, 1999, the FMPA sale be treated as a non-separated wholesale sale. Under this treatment, TECO would credit the ECRC with revenues from the sale to offset incremental SO₂ costs associated with the sale. TECO would credit the fuel clause with all remaining revenues from the sale. TECO asserts that this treatment is appropriate because it provides net benefits to its retail ratepayers and allows TECO to serve the FMPA sale without its shareholders continuing to suffer a loss on the sale.

We find that TECO has demonstrated that its retail ratepayers will benefit under TECO's proposed treatment. Because the stipulation that imposes the current treatment will expire December 31, 1999, we find that TECO's proposed treatment, as modified below, should be approved effective January 1, 2000, through March 15, 2001, the duration of the contract. We modify TECO's proposed treatment to require that TECO: (1) credit capacity and transmission revenues associated with the sale to the capacity clause; (2) credit the ECRC with revenues from the sale to offset average SO₂ costs associated with the sale; and (3) credit the fuel clause with all remaining revenues from the sale. Further, TECO shall be required, at the termination of the FMPA sale, to examine and compare total revenues from the FMPA sale to the sum of the following: (1) unit incremental fuel costs for Big Bend Units 2 and 3 and Gannon Units 5 and 6, in the relative weights that each unit was used to serve the FMPA sale; (2) system average SO₂ emission allowance costs; and (3) system average variable O&M costs. This information shall be reported to the Commission upon termination of the FMPA sale.

5. Stipulated Issues

The parties have stipulated that the appropriate 1998 benchmark price for coal purchased by TECO from its affiliate, Gatliff Coal Company, is \$43.89 per ton. We approve this stipulation as reasonable.

The parties have stipulated that the appropriate 1998 waterborne coal transportation benchmark price for transportation services provided by TECO affiliates is \$28.14 per ton. We approve this stipulation as reasonable.

The parties have stipulated that the appropriate true-up amount for the temporary base rate reduction approved in Order No. PSC-96-1300-S-EI, issued October 24, 1996, in Docket No. 960409-EI, is an overrecovery of \$435,939. Under the stipulation approved in Order No. PSC-96-1300-S-EI, this amount would be handled as a true-up component of TECO's fuel cost recovery proceedings. However, because TECO is within the 100 percent sharing range for 1998 that was established in the stipulation, this true-up amount would ultimately be refunded to TECO's ratepayers. Therefore, the parties have stipulated that the appropriate regulatory treatment for this true-up amount is that it not be recovered. We approve these stipulations as reasonable.

III. COMPANY-SPECIFIC CAPACITY ISSUES

A. Florida Power & Light Company

FPL seeks to recover, through the capacity clause, capacity payments made to the Cedar Bay cogeneration facility as a result of a court's interpretation of the capacity pricing provisions of FPL's contract with Cedar Bay. We believe that FPL's request raises a policy issue that would more appropriately be decided by the full Commission in a separate proceeding, rather than the three-Commissioner panel assigned to this proceeding. The full Commission previously considered the policy implications of related issues involving FPC and Lake Cogen, Ltd. in other dockets, and should consider the policy implications of this issue as well.

We note that the majority of these payments appear to be the type of costs that this Commission would routinely allow to be recovered through the capacity clause. We also note that these payments reflect a small percentage of FPL's total capacity costs. Therefore, pending resolution of this issue by the full Commission,

we approve recovery of these payments as proposed through FPL's capacity cost recovery factors. If the full Commission determines that any portion of these payments should not be recovered through the capacity clause, that portion shall be subject to refund with interest.

B. Tampa Electric Company

TECO seeks recovery in this proceeding of the capacity costs associated with five purchased power agreements that it has entered into: two with Okeelanta Corporation, one with Farmland Hydro, one with Auburndale Power Partners, and one with Hardee Power Partners Limited. At the present time, we find that these costs should be recovered through the capacity clause. However, if information indicating that these costs were not prudently incurred is discovered, the prudence of these costs may be raised as an issue for our consideration in a future fuel hearing.

IV. COMPANY-SPECIFIC GPIF ISSUES

The parties have stipulated that Gulf should include a new Btu per pound independent variable in its Plant Daniel target heat rate equations. The parties have stipulated that this change will produce reasonable target heat rate equations and resulting heat rate targets that are valid when different fuels are used. We approve this stipulation as reasonable.

V. APPROPRIATE PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL COST RECOVERY FACTORS

The parties have stipulated that the appropriate final fuel adjustment true-up amounts for the period April 1998 through December 1998 are as follows:

FPC: \$15,103,811 Overrecovery
FPL: \$33,531,098 Overrecovery
FPUC-Fernandina Beach: \$277,585 Overrecovery
FPUC-Marianna: \$250,799 Overrecovery
GULF: \$2,450,200 Underrecovery
TECO: \$7,879,936 Overrecovery

We approve these stipulations as reasonable.

Based upon our findings on the generic and company-specific issues discussed above and upon competent evidence of record

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established in this proceeding, we find that the appropriate estimated fuel adjustment true-up amounts for the period January 1999 through December 1999 are as follows:

FPC: \$22,449,987 Underrecovery
FPL: \$8,846,485 Overrecovery
FPUC-Fernandina Beach: \$467,151 Overrecovery
FPUC-Marianna: \$101,570 Underrecovery
GULF: \$11,302,259 Underrecovery
TECO: \$11,546,819 Underrecovery

Based upon our findings on the generic and company-specific issues discussed above and upon competent evidence of record established in this proceeding, we find that the appropriate total fuel adjustment true-up amounts to be collected/refunded for the period January 2000 through December 2000 are as follows:

FPC: \$7,346,176 Underrecovery
FPL: \$42,377,583 Overrecovery
FPUC-Fernandina Beach: \$744,736 Overrecovery
FPUC-Marianna: \$149,229 Overrecovery
GULF: \$13,752,459 Underrecovery
TECO: \$3,666,883 Underrecovery

Based upon our findings on the generic and company-specific issues discussed above and upon competent evidence of record established in this proceeding, we find that the appropriate levelized fuel cost recovery factors for the period January 2000 through December 2000 are as follows:

FPC: 2.020 cents per kWh
FPL: 1.866 cents per kWh.
FPUC-Marianna: 2.209 cents per kWh.
FPUC-Fernandina Beach: 1.819 cents per kWh.
GULF: 1.954 cents per kWh.
TECO: 2.303 cents per kWh.

The parties have stipulated that, for billing purposes, the new fuel and capacity cost recovery factors should become effective beginning with the first billing cycle for January 2000 and thereafter through the last billing cycle for December 2000. The parties have stipulated that the first billing cycle may start before January 1, 2000, and the last billing cycle may end after December 31, 2000, so long as each customer is billed for twelve

months regardless of when the factors became effective. We approve this stipulation as reasonable.

The parties have stipulated that 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 are as follows:

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

FPL: The appropriate Fuel Cost Recovery Loss Multipliers are as provided on pages 16 and 17 of this order.

<u>FPU:</u>	<u>Rate Schedule</u>	<u>Multiplier</u>
	Marianna	
	All Rate Schedules	1.0000
	Fernandina Beach	
	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	1.0071
	Group A1	N/A*
	Group B	1.0016
	Group C	0.9681

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

We approve these stipulations as reasonable.

Based upon our findings on the generic and company-specific issues discussed above and upon competent evidence of record established in this proceeding, we find that the appropriate fuel cost recovery factors for each rate class/delivery voltage level class, adjusted for line losses, are as follows:

FPC:		Fuel Cost Factors (cents/kWh)		
		<u>Time Of Use</u>		
<u>Group/Delivery Voltage Level</u>		<u>Standard</u>	<u>On-Peak</u>	<u>Off-Peak</u>
A.	Transmission	1.984	2.504	1.756
B.	Distribution Primary	2.004	2.529	1.774
C.	Distribution Secondary	2.024	2.554	1.791
D.	Lighting Service	1.934		

FPL:

<u>GROUP</u>	<u>RATE SCHEDULE</u>	<u>AVERAGE FACTOR</u>	<u>FUEL RECOVERY LOSS MULTIPLIER</u>	<u>FUEL RECOVERY FACTOR</u>
A	RS-1,GS-1, SL-2	1.866	1.00225	1.870
A-1	SL-1,OL-1, PL1	1.830	1.00225	1.834
B	GSD-1	1.866	1.00216	1.870
C	GSLD-1 & CS-1	1.866	1.00087	1.868
D	GSLD-2,CS-2, OS-2 & MET	1.866	0.99510	1.857
E	GSLD-3 & CS-3	1.866	0.95792	1.787
A	RST-1,GST-1 ON-PEAK OFF-PEAK	2.038 1.790	1.00225 1.00225	2.043 1.794
B	GSDT-1 CILC-1 (G) ON-PEAK OFF-PEAK	2.038 1.790	1.00216 1.00216	2.043 1.794
C	GSLDT-1 & CST-1 ON-PEAK OFF-PEAK	2.038 1.790	1.00087 1.00087	2.040 1.792
D	GSLDT-2 & CST-2 ON-PEAK OFF-PEAK	2.038 1.790	0.99510 0.99510	2.028 1.781
E	GSLDT-3,CST-3 CILC-1 (T) & ISST-1 (T) ON-PEAK OFF-PEAK	2.038 1.790	0.95792 0.95792	1.952 1.715

F CILC-1 (D) &
 ISST-1 (D)
 ON-PEAK 2.038 0.99465 2.027
 OFF-PEAK 1.790 0.99465 1.780

FPUC: Marianna
Rate Schedule
 RS 3.943¢/kWh
 GS 3.925¢/kWh
 GSD 3.599¢/kWh
 GSLD 3.356¢/kWh
 OL, OL-2 2.645¢/kWh
 SL-1, SL-2 2.608¢/kWh

Fernandina Beach
Rate Schedule Adjustment
 RS 3.455¢/kWh
 GS 3.392¢/kWh
 GSD 3.176¢/kWh
 OL 2.443¢/kWh
 SL, CSL 2.443¢/kWh

GULF: See table below:

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, GS, GSD, SBS, OSIII, OSIV	1.978	2.436	1.735
B	LP, SBS	1.917	2.361	1.681
C	PX, PXT, SBS	1.880	2.316	1.649
D	OSI, OSII	1.910	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	2.391	3.156	1.957
Group A1	2.136	NA	NA
Group B	2.307	3.139	1.946
Group C	2.230	3.034	1.881

The parties have stipulated that the appropriate revenue tax factors to be applied in calculating each company's levelized fuel factor for the projection period of January 2000 through December 2000 are as follows:

FPC: 1.00072
FPL: 1.01597
FPUC-Marianna: 1.00072
FPUC-Fernandina Beach: 1.01597
GULF: 1.01597
TECO: 1.00072

We approve these stipulations as reasonable.

VI. APPROPRIATE PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS

The parties have stipulated that the appropriate final capacity cost recovery true-up amounts for FPL and Gulf for the period October 1997 through December 1998 are as follows:

FPL: The final true-up for the period ending December 1998 to be carried forward for collection in the year 2000 is a \$5,204,837 overrecovery, as stated in Issue 24. In Order No. PSC-98-1715-FOF-EI, issued December 18, 1998, the Commission approved \$77,177,787 for the period 10/97 - 12/98. This amount was composed of \$11,771,496 for final true-up plus \$65,406,291 for

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estimated/actual for the period April through December
1998, to be collected in 1999.
GULF: \$81,124 Overrecovery

We approve these stipulations as reasonable.

The parties have stipulated that the appropriate final capacity
cost recovery true-up amounts for FPC, FPL, and TECO for the period
April 1998 through December 1998 are as follows:

FPC: \$222,119 Overrecovery
FPL: \$5,204,837 Overrecovery
TECO: \$442,999 Overrecovery

We approve these stipulations as reasonable.

The parties have stipulated that the appropriate estimated
capacity cost recovery true-up amounts for FPC, Gulf, and TECO for
the period January 1999 through December 1999 are as follows:

FPC: \$33,092,530 Overrecovery
GULF: \$12,942 Underrecovery
TECO: \$2,930,803 Underrecovery

We approve these stipulations as reasonable. Further, based upon
our findings on the generic and company-specific issues discussed
above and upon competent evidence of record established in this
proceeding, we find that the appropriate estimated capacity cost
recovery true-up amount for FPL for the period January 1999 through
December 1999 is an overrecovery of \$79,064,052.

The parties have stipulated that the appropriate total capacity
cost recovery true-up amounts to be collected/refunded by FPC,
Gulf, and TECO during the period January 2000 through December 2000
are as follows:

FPC: \$33,314,649 Overrecovery
GULF: \$68,182 Overrecovery
TECO: \$2,487,804 Underrecovery

We approve these stipulations as reasonable. Further, based upon
our findings on the generic and company-specific issues discussed
above and upon competent evidence of record established in this
proceeding, we find that the appropriate total capacity cost
recovery true-up amount to be collected/refunded by FPL for the

period January 2000 through December 2000 is an overrecovery of \$84,268,889.

Based upon our findings on the generic and company-specific issues discussed above and upon competent evidence of record established in this proceeding, we find that the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factors for the period January 2000 through December 2000 are as follows:

FPC: \$282,138,190
FPL: \$394,847,381
GULF: \$13,674,274
TECO: \$24,060,362

Based upon our findings on the generic and company-specific issues discussed above and upon competent evidence of record established in this proceeding, we find that the appropriate projected capacity cost recovery factors for the period January 2000 through December 2000 are as follows:

FPC:

<u>RATE CLASS</u>	<u>CAPACITY RECOVERY FACTOR (CENTS/KWH)</u>
Residential	.999
General Service Non-demand	.838
@Primary Voltage	.830
@Transmission Voltage	.821
General Service 100% Load Factor	.545
General Service Demand	.658
@Primary Voltage	.652
@Transmission Voltage	.645
Curtable	.554
@Primary Voltage	.549
@Transmission Voltage	.543
Interruptible	.518
@Primary Voltage	.512
@Transmission Voltage	.507
Lighting	.189

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FPL:		
<u>RATE CLASS</u>	<u>CAPACITY RECOVERY FACTOR (\$/KW)</u>	<u>CAPACITY RECOVERY FACTOR (\$/KWH)</u>
RS1	-	.00501
GS1	-	.00482
GSD1	1.87	-
OS2	-	.00227
GSLD1/CS1	1.87	-
GSLD2/CS2	1.85	-
GSLD3/CS3	1.97	-
CILCD/CILCG	1.92	-
CILCT	1.92	-
MET	2.03	-
OL1/SL1/PL-1	-	.00198
SL2	-	.00338

<u>RATE CLASS</u>	<u>CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)</u>	<u>CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)</u>
ISST1D	.24	.12
SST1T	.23	.11
SST1D	.24	.11

GULF:

<u>RATE CLASS</u>	<u>CAPACITY RECOVERY FACTOR (CENTS/KWH)</u>
RS, RST	.162
GS, GST	.161
GSD, GSDT	.131
LP, LPT	.108
PX, PXT, RTP, SBS	.093
OS-I, OS-II	.040
OS-III	.098
OS-IV	.262

TECO:

<u>RATE CLASS</u>	<u>CAPACITY RECOVERY FACTOR (CENTS/KWH)</u>
RS	.192
GS, GST	.163
GSD, EV-X	.133
GSLD, SBF	.120
IS-1&3, SBI-1&3	.011
SL/OF	.039

VII. GENERATING PERFORMANCE INCENTIVE FACTOR (GPIF) ISSUES

The parties have stipulated that the appropriate GPIF reward or penalty for FPL for the period October 1997 through September 1998 is a reward of \$9,669,694. We approve this stipulation as reasonable.

The parties have stipulated that the appropriate GPIF rewards or penalties for FPC, Gulf, and TECO for the period April 1998 through September 1998 are as follows:

FPC: \$340,289 Reward
GULF: \$75,355 Penalty
TECO: \$229,924 Penalty

We approve these stipulations as reasonable.

The parties have stipulated that the appropriate GPIF rewards or penalties for performance achieved during the period October 1998 through December 1998 are as follows:

FPC: \$706,851 Reward
FPL: \$1,697,372 Reward
GULF: \$38,676 Reward
TECO: \$46,977 Penalty

We approve these stipulations as reasonable.

The parties have stipulated as to the appropriate GPIF targets/ranges for the period January 2000 through December 2000. Those stipulated targets/ranges are shown in Attachment 1 to this Order, which is incorporated by reference herein. We approve these stipulations as reasonable.

Based on the foregoing, 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 & Light Company, Florida Power Corporation, Gulf Power Company, and Tampa Electric Company shall credit transmission revenues received from non-separated wholesale energy sales not made through the Energy Broker Network to retail ratepayers through the capacity cost recovery clause. Florida

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Power Corporation may apply its transmission-related allocation factor to allocate these revenues among the wholesale and retail jurisdictions. It is further

ORDERED that Florida Power & Light Company, Florida Power Corporation, Gulf Power Company, and Tampa Electric Company shall credit generation-related gains on non-separated wholesale energy sales not made through the Energy Broker Network to retail ratepayers through the fuel cost recovery clause. To the extent that such a sale includes an identifiable capacity component, that capacity component should be credited to retail ratepayers through the capacity clause. It is further

ORDERED that the full Commission will consider in a separate proceeding (1) the appropriateness of continuing the 20 percent shareholder incentive currently applicable to certain types of economy energy sales and (2) the specific types of sales, if any, to which the incentive should be applied. Florida Power & Light Company, Florida Power Corporation, Gulf Power Company, and Tampa Electric Company may continue to apply the 20 percent shareholder incentive as they applied it at the time of our vote on this matter. It is further

ORDERED that Florida's investor-owned electric utilities shall, beginning in 2000, (1) file current-year estimated true-up data at least 90 days prior to each annual fuel hearing and (2) file next-year projected data at least 60 days prior to each annual fuel hearing. It is further

ORDERED that Florida Power & Light Company may not, at this time, recover costs associated with its nuclear units' last core of nuclear fuel through the fuel and purchased power cost recovery clause. The appropriate treatment of these costs shall be addressed and determined in a separate, generic proceeding that includes Florida Power Corporation. It is further

ORDERED that Florida Power & Light Company may recover, through the fuel and capacity cost recovery clause, energy and capacity payments made to the Cedar Bay cogeneration facility pursuant to a state court's interpretation of Florida Power & Light Company's contract with Cedar Bay. In a separate proceeding, the full Commission will consider the appropriateness of recovery of these payments. If the full Commission determines that any portion of these payments should not be recovered through the fuel clause,

that portion shall be subject to refund with interest. It is further

ORDERED that Florida Power Corporation may recover, through the fuel and capacity cost recovery clause, energy payments made to Lake Cogen, Ltd. pursuant to a state court's interpretation of Florida Power Corporation's contract with Lake Cogen, Ltd. In a separate proceeding, the full Commission will consider the appropriateness of recovery of these payments. If the full Commission determines that any portion of these payments should not be recovered through the fuel clause, that portion shall be subject to refund with interest. It is further

ORDERED that Tampa Electric Company may recover, through the fuel and purchased power cost recovery clause, the incremental replacement fuel and purchased power costs incurred as a result of the April 9, 1999, explosion at Gannon Unit 6. It is further

ORDERED that Tampa Electric Company may recover, through the fuel and purchased power cost recovery clause, the energy and capacity costs associated with the five purchased power agreements discussed in the body of this Order. If appropriate, the prudence of these costs may be raised as an issue for our consideration in a future proceeding in this docket. It is further

ORDERED that Tampa Electric Company may recover, through the fuel and purchased power cost recovery clause, the fuel costs associated with acceleration of the commercial in-service date of Polk Unit 2 from January 2001 to October 2000. If appropriate, the prudence of these costs may be raised as an issue for our consideration in a future proceeding in this docket. It is further

ORDERED that Tampa Electric Company's proposed treatment of its wholesale power supply agreement with the Florida Municipal Power Agency, as modified in the body of this Order, is approved, subject to the reporting requirements stated in the body of this Order. It is further

ORDERED that Florida Power & Light Company, 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 January 2000 through December 2000. It is further

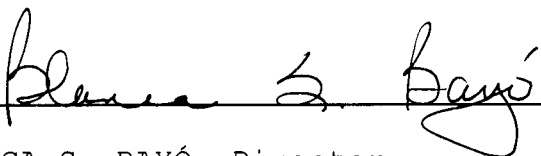
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ORDERED that the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up, and further subject to proof of the reasonableness and prudence of the expenditures upon which the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

ORDERED that Florida Power & Light Company, Florida Power Corporation, Gulf Power Company, and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors as set forth herein during the period January 2000 through December 2000. It is further

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 22nd day of December, 1999.



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.

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 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.

GPIF TARGETS
 January 2000 to December 2000

<u>Utility/ Plant/Unit</u>	<u>EAF</u>			<u>Staff</u>	<u>Heat Rate</u>	
	<u>EAF</u>	<u>Company POF</u>	<u>EUOF</u>		<u>Company</u>	<u>Staff</u>
<u>FPC</u>						
Anclote 1	92.4	3.8	3.8	Agree	10,022	Agree
Anclote 2	83.9	9.6	6.5	Agree	10,025	Agree
Bartow 3	82.8	9.6	7.6	Agree	10,140	Agree
Crystal River 1	90.3	0.0	9.7	Agree	9,851	Agree
Crystal River 2	75.3	14.8	10.0	Agree	9,851	Agree
Crystal River 3	93.4	0.0	6.6	Agree	10,357	Agree
Crystal River 4	75.7	17.2	7.1	Agree	9,422	Agree
Crystal River 5	94.0	1.9	4.1	Agree	9,394	Agree
Tiger Bay	79.1	15.3	5.6	Agree	7,590	Agree
<u>FPL</u>						
Cape Canaveral 1	92.4	0.0	7.6	Agree	9,511	Agree
Cape Canaveral 2	78.2	15.8	6.0	Agree	9,690	Agree
Fort Lauderdale 4	93.5	2.7	3.8	Agree	7,349	Agree
Fort Lauderdale 5	93.5	2.7	3.8	Agree	7,358	Agree
Fort Myers 2	92.7	0.0	7.3	Agree	9,321	Agree
Manatee 2	71.7	13.9	14.4	Agree	10,162	Agree
Martin 3	94.2	1.8	4.0	Agree	6,996	Agree
Martin 4	91.6	2.9	5.5	Agree	6,906	Agree
Port Everglades 3	95.8	0.0	4.2	Agree	9,748	Agree
Port Everglades 4	88.2	8.2	3.6	Agree	9,664	Agree
Putnam 1	91.2	4.9	3.8	Agree	8,937	Agree
Sanford 4	92.3	0.0	7.7	Agree	10,016	Agree
Sanford 5	89.3	0.0	10.7	Agree	10,290	Agree
Turkey Point 3	84.6	9.6	5.8	Agree	11,066	Agree
Turkey Point 4	84.6	9.6	5.8	Agree	11,093	Agree
St Lucie 1	93.6	0.0	6.4	Agree	10,854	Agree
St Lucie 2	84.6	9.6	5.8	Agree	10,872	Agree
Scherer 4	94.2	0.0	5.8	Agree	9,989	Agree
<u>Gulf</u>						
Crist 6	84.3	11.7	4.0	Agree	10,629	Agree
Crist 7	77.3	13.7	9.0	Agree	10,236	Agree
Smith 1	90.6	6.8	2.6	Agree	10,332	Agree
Smith 2	89.2	7.4	3.4	Agree	10,137	Agree
Daniel 1	75.3	14.5	10.2	Agree	10,237	Agree
Daniel 2	74.5	16.4	9.1	Agree	10,105	Agree

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Attachment 1

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<u>Utility/ Plant/Unit</u>	<u>EAF</u>			<u>Heat Rate</u>	
	<u>EAF</u>	<u>Company</u> <u>POF</u>	<u>EUOF</u>	<u>Staff</u>	<u>Company</u> <u>Staff</u>
<u>TECO</u>					
Big Bend 1	78.1	5.7	16.1	Agree	10,127
Big Bend 2	80.6	4.9	14.5	Agree	10,061
Big Bend 3	76.3	5.7	18.0	Agree	10,197
Big Bend 4	84.4	1.9	13.7	Agree	9,976
Gannon 5	75.3	5.7	19.0	Agree	10,562
Gannon 6	72.2	5.7	22.1	Agree	10,507

M E M O R A N D U M

DECEMBER 21, 1999

RECEIVED-FPSC

99 DEC 22 AM 10:47

RECORDS AND
REPORTING

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (C. KEATING) *wck RVE*

RE: DOCKET NO. 990001-EI - FUEL AND PURCHASED POWER COST
RECOVERY CLAUSE AND GENERATING PERFORMANCE INCENTIVE
FACTOR.

2512-FDF

Attached is an ORDER APPROVING PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL ADJUSTMENT FACTORS; GPIF TARGETS, RANGES AND REWARDS; AND PROJECTED EXPENDITURE AND TRUE-UP AMOUNTS FOR CAPACITY COST RECOVERY FACTORS, with attachments, to be issued in the above-referenced docket. (Number of pages in order - 28)

PLEASE ISSUE TODAY - THANK YOU!

WCK
Attachment
cc: Division of Electric and Gas (Bohrmann, Wheeler)
I:990001fo.wck

*16 mailed
RAR.*