

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Gulf Power Company for approval of purchased power arrangement regarding Smith Unit 3 for cost recovery through recovery clauses dealing with purchased capacity and purchased energy.

DOCKET NO. 010827-EI
ORDER NO. PSC-01-1543-PCO-EI
ISSUED: July 25, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER GRANTING IN PART AND DENYING IN PART MOTION FOR EXPEDITED TREATMENT AND REQUEST FOR PROCEDURAL SCHEDULE

BY THE COMMISSION:

By petition filed March 15, 1999, Gulf Power Company (Gulf) sought a Determination of Need for Smith Unit 3, a 575 megawatt combined cycle generating unit. On August 16, 1999, by Order No. PSC-99-1478-FOF-EI, in Docket No. 990325-EI, the need determination for Smith Unit 3 was approved. Gulf received final approval for Smith Unit 3 from the Power Plant Siting Board in July 2000. The unit is currently under construction, with an expected in-service date of June 2002.

By petition filed June 8, 2001, Gulf seeks approval for cost recovery through the recovery clauses for a purchased power arrangement with the Southern Power Company (Southern Power). Southern Power is an operating company subsidiary of Southern Company. The purchased power arrangement anticipates the transfer of Smith Unit 3 to Southern Power from Gulf. Gulf will then purchase capacity and energy from Smith Unit 3 under a 10-year contract with Southern Power. The contract also entitles Gulf to

DOCUMENT NUMBER-DATE

09066 JUL 25 01

FPSO-COMMISSION CLERK

call upon the output of Smith Unit 3 for voltage support in the Panama City area for a 20-year term. The Office of Public Counsel is a party to this docket.

It should be noted that Gulf is currently operating under a revenue sharing plan approved in Order No. PSC-99-2131-S-EI, on October 28, 1999. This revenue sharing plan resulted from a Stipulation and Settlement entered into by Gulf, the Office of Public Counsel, The Florida Industrial Power Users Group, and the Coalition for Equitable Rates. The stipulation includes: 1) a restriction on Gulf from requesting a base rate increase; 2) a reduction in base rates by \$10 million per year; 3) the sharing of revenues between certain levels between Gulf and its customers; and, 4) the refund of revenues in excess of the sharing level to customers. The ending date for the revenue sharing plan and other matters set forth in the stipulation is the commercial in-service date of Smith Unit 3, or December 31, 2002, whichever occurs first.

Along with its June 8, 2001, petition Gulf filed a Motion for Expedited Treatment and Request for Procedural Schedule and a copy of the purchased power arrangement with a Notice of Intent to Request Confidential Classification. In its Motion Gulf requests a hearing during the week of July 23, and a final decision on its petition no later than the August 14, 2001 Agenda Conference. At the June 25, 2001, Agenda Conference Gulf amended its Motion to request a decision by August 31, 2001. This Order addresses Gulf's Motion for Expedited Treatment only.

Gulf's proposal warrants investigation, and we welcome the opportunity to do so. Although the schedule Gulf requests may be attainable under certain circumstances, it is so compressed that it shall not be required by order. Instead, we shall explore other means of expediting this proceeding. Staff and the parties shall meet in an effort to develop a mutually acceptable schedule. The effort to meet and develop the schedule shall be expedited. If a mutually acceptable schedule can not be developed, Staff and each party shall present their own proposed schedule to the Prehearing Officer, who shall decide on the final schedule. If Gulf can not accept the final schedule, it is free to withdraw its Petition.

ORDER NO. PSC-01-1543-PCO-EI
DOCKET NO. 010827-EI
PAGE 3

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Power Company's Motion for Expedited Treatment and Request for Procedural Schedule is granted in part and denied in part as described in the body of this Order.

By ORDER of the Florida Public Service Commission this 25th day of July, 2001.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk and
Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

MKS

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.

ORDER NO. PSC-01-1543-PCO-EI
DOCKET NO. 010827-EI
PAGE 4

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) 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 the Commission Clerk and Administrative Services, 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.