

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 010001-EI
ORDER NO. PSC-01-1829-PCO-EI
ISSUED: September 11, 2001

SECOND ORDER REVISING ORDER ESTABLISHING PROCEDURE

By Order No. PSC-01-0665-PCO-EI, issued March 16, 2001, ("Procedural Order") procedures for this docket were established. Among other things, the Procedural Order identified a tentative list of issues to be addressed in prefiled testimony in the November 2001 hearing scheduled for this docket. Since that time, Commissioners and Commission staff have identified additional issues for resolution in this proceeding. I am advised that staff has notified the parties, by memoranda dated August 6, 2001, and September 6, 2001, of its desire to address these additional issues in this proceeding.

To provide further guidance to the parties, the Procedural Order is hereby revised to replace the tentative list of issues set forth therein with the list of issues attached hereto as Attachment A. The issues in the attached list shall be addressed in the parties' prefiled testimony. While this Order raises issues in addition to those tentatively identified in the Procedural Order and which may require the devotion of additional resources from the parties, the Commissioners or the Commission staff have asked or indicated that the additional issues should be addressed in this proceeding.

This Order is not intended to preclude parties from raising additional issues as testimony is filed in this proceeding. Any issues subsequently raised by the parties will be addressed at the Prehearing Conference scheduled for November 8, 2001, in this docket. In addition, whether each particular ruling requires a bench decision or can be addressed at a post-hearing agenda conference will be determined at the Prehearing Conference.

This Order is issued pursuant to the authority granted by Rule 28-106.211, Florida Administrative Code, which provides that the presiding officer before whom a case is pending may issue any

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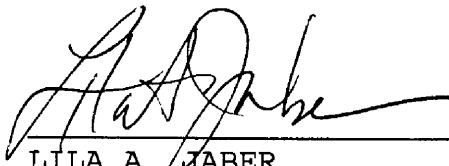
orders necessary to effectuate discovery, prevent delay, and promote the just, speedy, and inexpensive determination of all aspects of the case.

It is therefore,

ORDERED by Commissioner Lila A. Jaber, as Prehearing Officer, that the tentative list of issues set forth in Order No. PSC-01-0665-PCO-EI is replaced with the list of issues attached hereto as Attachment A, which is incorporated herein by reference. It is further

ORDERED that all other aspects of Order No. PSC-01-0665-PCO-EI are reaffirmed, except as previously modified by Order of this Commission.

By ORDER of Commissioner Lila A. Jaber, as Prehearing Officer, this 11th Day of September, 2001.



LILA A. JABER
Commissioner and Prehearing Officer

(S E A L)

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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

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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) 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.

GENERIC FUEL ADJUSTMENT ISSUES

- ISSUE 1: What are the appropriate final fuel adjustment true-up amounts for the period January, 2000 through December, 2000?
- ISSUE 2: What are the appropriate estimated/actual fuel adjustment true-up amounts for the period January, 2001 through December, 2001?
- ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January, 2002 to December, 2002?
- ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January, 2002 to December, 2002?
- ISSUE 5: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?
- ISSUE 6: What are 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?
- ISSUE 7: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?
- ISSUE 8: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January, 2002 to December, 2002?
- ISSUE 9: What is the appropriate benchmark level for calendar year 2001 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, for each investor-owned electric utility?

- ISSUE 10: What is the appropriate estimated benchmark level for calendar year 2002 for gains on non-separated wholesale energy sales eligible for a shareholder incentive as set forth by Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, for each investor-owned electric utility?
- ISSUE 11: Has each investor-owned electric utility taken reasonable steps to manage the risks associated with its fuel transactions through the use of physical and financial hedging practices?
- ISSUE 12: What is the appropriate regulatory treatment for gains and losses from hedging an investor-owned electric utility's fuel transactions through futures contracts?
- ISSUE 13: What is the appropriate regulatory treatment for the premiums received and paid for hedging an investor-owned electric utility's fuel transactions through options contracts?
- ISSUE 14: What is the appropriate regulatory treatment for the transaction costs associated with an investor-owned electric utility hedging its fuel transactions?
- ISSUE 15: What is the appropriate regulatory treatment for capital projects with an in-service date on or after January 1, 2002, that are expected to reduce long-term fuel costs?
- ISSUE 16: What is the appropriate rate of return on the unamortized balance of capital projects with an in-service date on or after January 1, 2002, that are expected to reduce long-term fuel costs?
- ISSUE 17: If an investor-owned electric utility exceeds the ceiling on its authorized return on common equity, can and/or should the Commission reduce by a commensurate amount recovery of prudently-incurred expenditures through the Commission's fuel and purchased power cost recovery clause?

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

Florida Power & Light Company

ISSUE 18A: For the period March 1999, to March 2001, did FPL take reasonable steps to manage the risk associated with changes in natural gas prices?

ISSUE 18B: Is FPL's aerial survey method of its coal inventory at Plant Scherer as stated in Audit Disclosure No. 1 of Audit Control No. 01-053-4-1 consistent with the method set forth in Order No. PSC-97-0359-FOF-EI, in Docket No. 970001-EI, issued March 31, 1997?

ISSUE 18C: What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an affiliated company?

ISSUE 18D: What is the appropriate regulatory treatment for sales of natural gas and transportation capacity made by FPL to an unaffiliated company?

ISSUE 18E: How should FPL allocate the costs associated with its sales of natural gas to Florida Power and Light Energy Services?

ISSUE 18F: What is the appropriate regulatory treatment of Florida Power and Light Energy Services' revenues and costs made to customers within FPL's service area?

ISSUE 18G: What is the appropriate regulatory treatment of Florida Power and Light Energy Services' revenues and costs made to customer outside of FPL's service area?

Florida Power Corporation

ISSUE 19A: Has Florida Power Corporation confirmed the validity of the methodology used to determine the equity component of Electric Fuels Corporation's capital structure for calendar year 2000?

ISSUE 19B: Has Florida Power Corporation properly calculated the market price true-up for coal purchases from Powell Mountain?

ISSUE 19C: Has Florida Power Corporation properly calculated the 2000 price for waterborne transportation services provided by Electric Fuels Corporation?

ISSUE 19D: For the period March 1999, to March 2001, did Florida Power take reasonable steps to manage the risk associated with changes in natural gas prices?

ISSUE 19E: Were Florida Power's replacement fuel costs for the unplanned outage at Crystal River Unit 2, commencing on June 1, 2000, reasonable?

ISSUE 19F: Should the Commission allow Florida Power to recover payments made to Lake Cogen, Ltd. resulting from litigation between Florida Power and Lake Cogen, Ltd.?

Florida Public Utilities Company

ISSUE 20A: As stated in Audit Disclosure No. 1 in Audit Control No. 01-053-4-2, did Florida Public Utilities Company charge its ratepayers in its GSD class a fuel cost recovery factor that was less than the Commission-approved fuel cost recovery factor for that class?

ISSUE 20B: If Florida Public Utilities Company did charge its ratepayers in its GSD class a fuel cost recovery factor that was less than the Commission-approved fuel cost recovery factor for that class, what are the appropriate corrective actions Florida Public Utilities Company should take?

Tampa Electric Company

ISSUE 21A: What is the appropriate 2000 waterborne coal transportation benchmark price for transportation services provided by affiliates of Tampa Electric Company?

ISSUE 21B: Has Tampa Electric Company adequately justified any costs associated with transportation services provided by affiliates of Tampa Electric Company that exceed the 2000 waterborne transportation benchmark price?

ISSUE 21C: For the period January 1998, to December 2000, were Tampa Electric Company's decisions regarding its wholesale energy purchases from and its wholesale energy sales to Hardee Power Partners reasonable?

ISSUE 21D: For the period January 1998, to December 2000, were Tampa Electric Company's decisions regarding its wholesale energy purchases from and its wholesale energy sales to non-affiliated entities reasonable?

Gulf Power Company

ISSUE 22A: Were Gulf Power's replacement fuel costs for the unplanned outage at Crist Unit 2, commencing on August 2, 2000, reasonable?

ISSUE 22B: As stated in Audit Disclosure No. 3 of Audit Control No. 01-053-1-1 and Audit Disclosure No. 3 of Audit Control No. 01-023-1-1, did Gulf Power Company overstate Interchange Sales reported for the year ended December 31, 2000, by \$385,796?

ISSUE 22C: If Gulf Power Company did overstate Interchange Sales reported for the year ended December 31, 2000, by \$385,796, what are the appropriate corrective actions that Gulf Power Company should take?

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 23: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January, 2000 through December, 2000 for each investor-owned electric utility subject to the GPIF?

ISSUE 24: What should the GPIF targets/ranges be for the period January, 2002 through December, 2002 for each investor-owned electric utility subject to the GPIF?

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 25: What are the appropriate final capacity cost recovery true-up amounts for the period January, 2000 through December, 2000?

ISSUE 26: What are the appropriate estimated/actual capacity cost recovery true-up amounts for the period January, 2001 through December, 2001?

ISSUE 27: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January, 2002 through December, 2002?

ISSUE 28: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January, 2002 through December, 2002?

ISSUE 29: What are the appropriate jurisdictional separation factors to be applied to determine the capacity costs to be recovered during the period January, 2002 through December, 2002?

ISSUE 30: What are the projected capacity cost recovery factors for each rate class/ delivery class for the period January, 2002 through December, 2002?