

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for rate increase  
by Gulf Power Company.

DOCKET NO. 010949-EI  
ORDER NO. PSC-01-2300-PCO-EI  
ISSUED: November 21, 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 SUSPENDING PROPOSED RATES

BY THE COMMISSION:

CASE BACKGROUND

On September 10, 2001, Gulf Power Company (Gulf) filed a petition for a permanent rate increase. Gulf requested an increase in its retail rates and charges to generate \$69,867,000 in additional gross annual revenues which would allow the Company to earn an overall rate of return of 8.64% or a 13.00% return on equity (range of 12.00% to 14.00%). The hearing in this docket is set for February 25 through March 1, 2002.

Pursuant to Order No. PSC-99-2131-S-EI, issued May 20, 1999, in Docket No. 990947-EI, the Commission approved a stipulation that established a revenue sharing plan. Included in the stipulation was a provision whereby Gulf could not request an increase in base rates before the earlier of the commercial in-service date for Smith Unit 3 or December 31, 2002, the expiration date of the Stipulation. Gulf is not requesting interim rate relief but has specifically asked that all or a portion of the requested increase of \$69,867,000 be granted beginning on the commercial in-service date of Smith Unit 3 pending a final decision on this petition.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Gulf's current retail rates and charges were essentially established in Docket No. 891345-EI, by Order No. 23573, issued October 3, 1990, based on a 1990 projected test year and a 13-month average rate base, ending December 31, 1990. We established an overall rate of return at 8.10%. This included a target return on equity of 12.55% within a range of 11.55% to 13.55%. Pursuant to Order No. PSC-93-0771-FOF-EI dated May 20, 1993, in Docket No. 930139-EI, we approved a stipulation for a new authorized return on equity of 12.0% within a range of 11.0% to 13.0%. On October 8, 1999, we lowered Gulf's return on equity to 11.5% within a range of 10.5% to 12.5% for the duration of the stipulation approved in Docket No. 990947-EI.

#### Analysis and Decision

Gulf filed its petition, testimony, and minimum filing requirements (MFR) on September 10, 2001. Gulf has requested a total permanent base rate increase of \$69,867,000. Gulf based its request on a projected test year of June 1, 2002 through May 31, 2003. Gulf stated that this test year best represents the expected future operations after Smith Unit 3 begins operation. The test year includes the first full twelve months of operation after this major investment goes into service. The addition of this unit is the primary driver for the Company's requested increase, accounting for approximately \$48 million of the \$69.9 million increase.

Historically, especially when a projected test year has been involved, the Commission has suspended the requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. The suspension of the rate increase is authorized by Section 366.06(3), Florida Statutes, which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Therefore, pursuant to Section 366.06, Florida Statutes, we suspend the requested permanent rate schedules to allow sufficient

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time to adequately investigate whether the request for permanent rate relief is appropriate.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Power Company's request for a permanent base increase and its associated tariff revisions are hereby suspended. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 21st day of November, 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 )

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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.

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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.