

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-01-2336-PCO-EI
ISSUED: December 4, 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 ACKNOWLEDGING PROJECTED UNDER-RECOVERY OF FUEL AND
PURCHASED POWER COSTS

BY THE COMMISSION:

By Order No. 13694, issued September 20, 1984, in Docket No. 840001-EI, each investor-owned electric utility is required to notify this Commission when the utility becomes aware that its projected fuel revenues applicable to the current recovery period will result in an over- or under-recovery in excess of 10 percent of its projected fuel costs for the period. Order No. 13694 further provides that the utility making such notification shall request a hearing to revise its fuel cost recovery factors if, in the utility's judgment, such revision would not be impractical. Order No. 13694 also allows any party, or this Commission, on our own motion, to seek a change in a utility's fuel cost recovery factors between regularly-scheduled hearings in this docket to refund or collect all or part of the utility's over-recovery or under-recovery balance prior to the end of the current recovery period.

By Order No. PSC-00-2385-FOF-EI ("Order No. 00-2385"), issued December 12, 2000, in Docket No. 000001-EI, this Commission approved a levelized fuel cost recovery factor of 1.820 cents per kilowatt-hour (kWh) for Gulf Power Company ("Gulf") for the period

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January 2001 through December 2001. We set this factor to allow Gulf to collect its projected 2001 fuel and net power transactions costs ("fuel costs") and a \$4.7 million under-recovery from prior periods.

By letter dated September 24, 2001, Gulf notified this Commission and the parties to this docket that Gulf projects a 2001 year-end under-recovery of 13.5 percent of its fuel costs based on actual data through August 2001. Gulf indicated that it is not requesting a mid-course correction to its levelized fuel cost recovery factor to collect this under-recovery prior to 2002. Gulf offered three reasons to support its decision to defer recovery of this amount until 2002: (1) the timing is such that less than three months of the current cost recovery cycle would remain before any change in fuel cost recovery factors could be implemented; (2) the relatively mild weather that is currently being experienced in northwest Florida could reduce the actual under-recovery by period end; and (3) a change in factors in November followed by another change in January would be disruptive to Gulf's customers. Gulf asserts that the reason for this projected under-recovery is two-fold: higher-than-expected coal prices and higher-than expected wholesale energy purchases.

After examining the data that Gulf has filed in this docket, we confirm that Gulf's 2001 fuel costs are expected to be approximately 13.5 percent greater than its fuel revenues, for the reasons asserted by Gulf. Further, we agree that collection of Gulf's projected under-recovery in 2002 is more appropriate than increasing Gulf's fuel cost recovery factors now to collect this projected under-recovery during the last two months of 2001. Currently, Gulf's bill to a residential customer who uses 1,000 kWh per months is \$64.85. Gulf expects this customer would pay \$67.33 during 2002. This amount does not reflect any change in Gulf's base rates that this Commission may approve in Docket No. 010949-EI.

Since the time of our vote on this matter, we approved 2002 fuel and purchased power cost recovery factors for Gulf at our November 20-21, 2001, hearing in this docket. The approved factors appropriately account for the projected under-recovery that is the subject of Gulf's letter.

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In summary, we acknowledge Gulf's projected under-recovery of fuel and purchased power costs for 2001 and do not require a change to Gulf's fuel and purchased power cost recovery factors for 2001.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Power Company's projected under-recovery of fuel and purchased power costs for the 2001 cost recovery period is hereby acknowledged. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 4th day of December, 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

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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.

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.