

VOTE SHEET

DECEMBER 16, 1997

RE: DOCKET NO. 970001-EI - Fuel and purchased power cost recovery clause and generating performance incentive factor.

Issue 9: How should the transmission costs be accounted for when determining the transaction price of an economy, Schedule C, broker transaction between two directly interconnected utilities?

Recommendation: The transaction price should be based on the incremental system production cost, just as before FERC Order 888. Any transmission charge required by FERC Order 888 should not influence the gain on a broker sale. As outlined in Gulf's proposal, any FERC-required transmission costs should be added after the broker has matched a buyer and seller. This method preserves the intent of the broker system.

**APPROVED**

COMMISSIONERS ASSIGNED: JN CL GR

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

*[Handwritten signatures in majority column]*

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

12887 DEC 17 97

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Issue 10: If the cost of transmission is used to determine the transaction price of an economy, Schedule C, broker transaction between two directly interconnected utilities, how should the costs of this transmission be recovered?

Recommendation: The gains from broker sales should be, to the extent possible, the same before and after FERC Order 888. Because broker sales are non-separated sales, any additional transmission revenues should be credited and separated according to the normal procedure within the fuel adjustment clause of the selling utility. For the purchaser, all actual costs should continue to be recovered through the fuel clause. The fuel clause should be adjusted to reflect the Commission's decision effective January 1, 1997, for all broker transactions. Each utility should reflect the impact of the Commission's decision in its projection testimony and filing in Docket No. 980001-EI.

**APPROVED**

Issue 11: How should the transmission costs be accounted for when determining the transaction price of an economy, Schedule C, broker transaction that requires wheeling between two non-directly interconnected utilities?

Recommendation: Transmission wheeling costs should continue to be added to the broker transaction price after a match is made to determine the purchaser's total price.

**APPROVED**

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Issue 12: If the cost of transmission is used to determine the transaction price of an economy, Schedule C, broker transaction between two non-directly interconnected utilities, how should the costs of this transaction be recovered?

Primary Recommendation: Third party wheeling revenues should continue to be treated as a credit to operating revenues for the wheeling utility.

Wheeling costs should continue to be recovered through the fuel clause for the purchaser.

# APPROVED

Alternative Recommendation: Third party wheeling revenues should be credited to the fuel clause of the wheeling utility. In addition, the Commission should commence a proceeding to remove wheeling revenues' concomitant effect upon each utility's base rates and credit all future wheeling revenue for each type of non-separated wholesale sale through the wheeling utility's fuel cost recovery clause.

# DENIED

Issue 25: Should this docket be closed?

Recommendation: No. This is an ongoing docket.

# APPROVED