



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** JULY 9, 1998

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF LEGAL SERVICES (KEATING) *WAK RVE GR*  
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (REVELL, C. *BR*  
ROMIG, STALLCUP, VANDIVER) *CRAB BMD*  
DIVISION OF ELECTRIC AND GAS (BOHRMANN, BULECZA-BANKS, *TB Rob*  
COLSON, LOWERY) *JDJ*

**RE:** DOCKET NO. 980269-PU - CONSIDERATION OF CHANGE IN FREQUENCY AND TIMING OF HEARINGS FOR FUEL AND PURCHASED POWER COST RECOVERY CLAUSE, CAPACITY COST RECOVERY CLAUSE, GENERATING PERFORMANCE INCENTIVE FACTOR, ENERGY CONSERVATION COST RECOVERY CLAUSE, PURCHASED GAS ADJUSTMENT (PGA) TRUE-UP, AND ENVIRONMENTAL COST RECOVERY CLAUSE.

**AGENDA:** 07/21/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\LEG\WP\980269.RCM

### CASE BACKGROUND

Pursuant to Order No. PSC-98-0309-PHO-EI, issued February 23, 1998, this docket was established to consider a change in the frequency and timing of the hearings for: (1) the Fuel and Purchased Power Cost Recovery Clause, Capacity Cost Recovery Clause, and Generating Performance Incentive Factor (collectively, the "Fuel Clause"); (2) the Energy Conservation Cost Recovery Clause ("ECCR Clause"); (3) Purchased Gas Adjustment True-Up ("PGA True-Up"); and (4) Environmental Cost Recovery Clause ("ECRC") as well as the manner of implementing such a change. After conducting a workshop and receiving written comments from investor-owned

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electric and gas utilities and other interested parties, the Commission, by Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, approved the proposed changes by ordering that factors for all components of each cost recovery clause be determined on an annual, calendar year basis at one annual hearing. The Commission ordered that a hearing be held in November 1998 to determine the Fuel Clause, ECRC, and PGA True-Up factors for calendar year 1999. The Commission further ordered the initiation of rulemaking to amend Rule 25-17.015, Florida Administrative Code, to allow ECCR factors to be determined on a calendar year basis along with the other cost recovery clauses beginning at a November 1999 hearing.

Schedules detailing the manner in which the transition for each cost recovery clause will be implemented were attached to the Order. However, the ECCR transition schedule attached to the Order as Attachment E will not allow for the smoothest transition to a calendar year ECCR factor as envisioned in the Order. This recommendation seeks a modification of the Order through amendment of the ECCR transition schedule.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission, on its own motion, modify Order No. PSC-98-0691-FOF-PU to change the transition schedule for the Energy Conservation Cost Recovery Clause, attached to the Order as Attachment E?

**RECOMMENDATION:** Yes. The Commission, on its own motion, should modify Order No. PSC-98-0691-FOF-PU to change the transition schedule for the Energy Conservation Cost Recovery Clause, attached to the Order as Attachment E. The transition schedule should be modified to reflect that the transition necessitated by the 1997 amendment to Rule 25-17.015, Florida Administrative Code, has not been made and to allow a smoother transition to an ECCR factor for calendar year 2000.

**STAFF ANALYSIS:** Effective November 17, 1997, Rule 25-17.015, Florida Administrative Code, was amended, in pertinent part, to require the Commission to conduct a hearing in the first quarter of each calendar year to determine ECCR factors for investor-owned electric and natural gas utilities for the 12-month period from April through the following March. On May 19, 1998, the Commission issued Order No. PSC-98-0691-FOF-PU, requiring the initiation of rulemaking to amend again Rule 25-17.015, Florida Administrative Code, to allow ECCR factors to be determined on a calendar year basis beginning at a November 1999 hearing.

Due to the short amount of time between the effective date of the 1997 rule amendments and the issuance of Order No. PSC-98-0691-FOF-PU, the transition made necessary by the 1997 amendments had not begun when the order was issued. However, the ECCR transition schedule attached to Order No. PSC-98-0691-FOF-PU, reflecting the most recent change and anticipated amendment of Rule 25-17.015, Florida Administrative Code, does not reflect that the prior transition had not been made. Hence, the starting point for the transition schedule is not accurate.

Staff recommends that the Commission modify Order No. PSC-98-0691-FOF-PU by replacing the ECCR transition schedule attached to the order as Attachment E with the ECCR transition schedule attached to this recommendation as Attachment E - Amended. The original Attachment E is also attached to this recommendation for comparison. This modification will reflect the proper starting point for the transition required by Order No. PSC-98-0691-FOF-PU. In addition, the modified transition schedule will allow the

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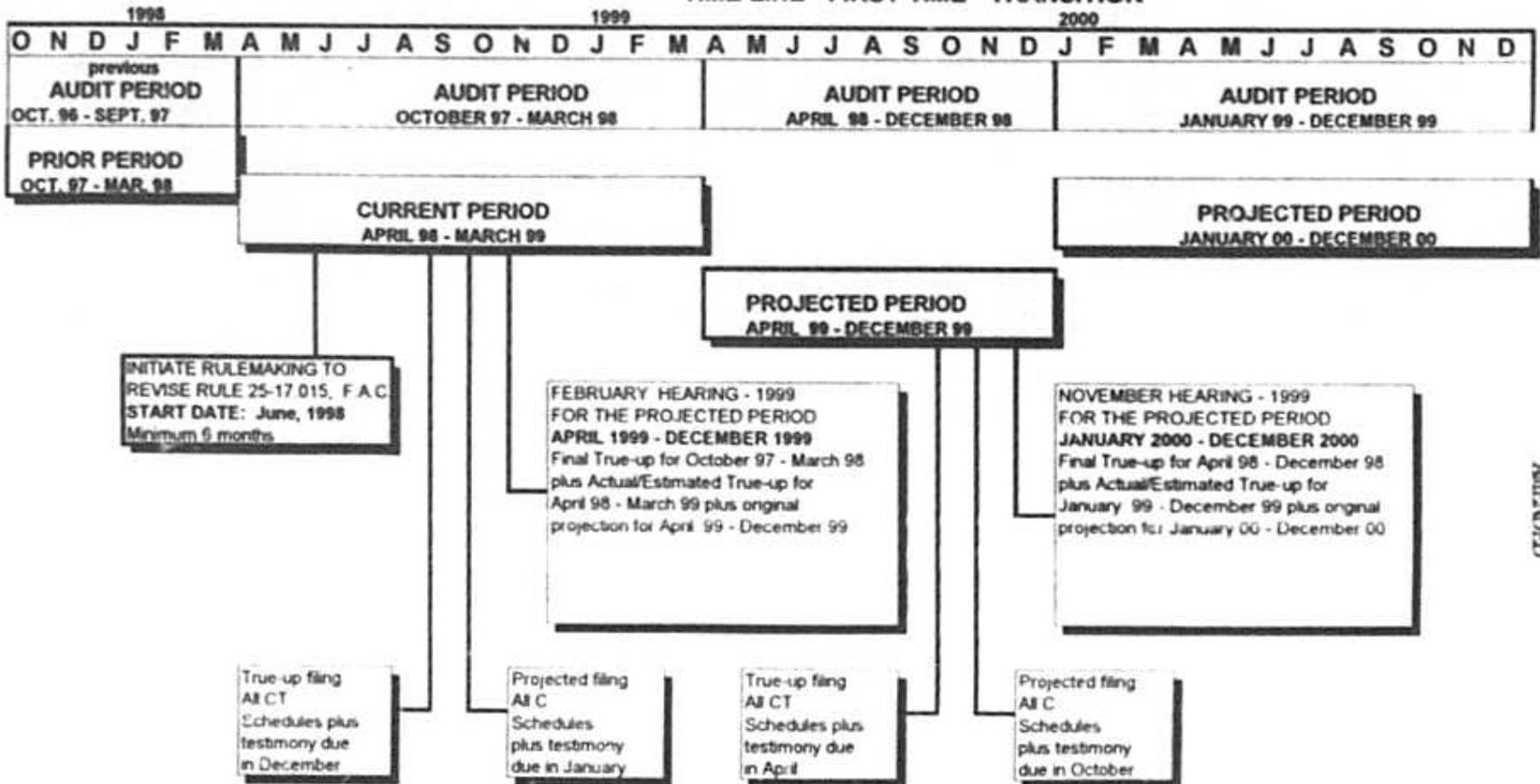
Commission and parties to avoid the time-consuming process of completing two separate transitions and to make a smooth and complete transition to a calendar year ECCR factor for 2000.

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** This docket should be closed if no person, whose substantial interests are affected by the proposed action, files a protest within the 21 day protest period.

**STAFF ANALYSIS:** At the conclusion of the protest period, if no protest is filed, this docket should be closed.

**ENERGY CONSERVATION COST RECOVERY FILING  
 TIME LINE - FIRST TIME - TRANSITION**



ENERGY CONSERVATION COST RECOVERY FILING  
TIME LINE - FIRST TIME - TRANSITION

1978  
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1979  
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