



Public Service Commission

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

DATE: March 6, 2000
TO: All Parties of Record
FROM: Wm. Cochran Keating, Senior Attorney, Division of Legal Services
RE: Docket No. 991837-EI - Determination of Appropriate Disclosure Requirements for Certain Affiliated Transaction Data and Wholesale Transaction Data for Investor-Owned Electric Utilities.

Handwritten initials: RVE, WCK

Via Facsimile

Please note that staff will conduct an Issue Identification Meeting for the above-referenced docket at the following time and place:

10:00 a.m., Wednesday, March 29, 2000
Gerald L. Gunter Building, Room 309
2540 Shumard Oak Boulevard
Tallahassee, Florida

Staff has reviewed the January 20, 2000, letter from the Florida Industrial Power Users Group (FIPUG) concerning its views on the issues to be addressed in this docket. Staff offers its comments below on the issues set forth in FIPUG's letter. Please note that the issues are numbered as they were listed in the Prehearing Order issued in Docket No. 990001-EI.

Issue 14 Do electric utilities provide uniform treatment to wholesale sales and purchases to ensure that retail ratepayers are not disadvantaged?

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Comment: Staff agrees that this issue would be best addressed in any proceedings arising from the nonfirm service workshops.

Issue 15 Should amounts that electric utilities pay to affiliated companies for fuel, fuel handling, and fuel transportation be separated in fuel cost recovery filings and be publicly disclosed?

Issue 29 Should all wholesale power contracts that utilities count as firm power supply for retail customers be subject to public disclosure and scrutiny for prudence?

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Comment: Staff believes these two issues should be combined to read as follows: "As a condition for cost recovery, should an investor-owned electric utility be required to disclose publicly the costs, terms, and conditions of all components of the fuel and purchased power cost recovery clause and the capacity cost recovery clause?"

Issue 15A Should a utility be required to publicly bid purchases in excess of \$1,000,000 for fuel, fuel handling, and fuel transportation if the utility plans to seek recovery through a cost recovery clause?

Comment: Staff believes that this issue is beyond the scope of this docket because it was not an issue that the prehearing officer in Docket No. 990001-EI transferred to this proceeding.

Issue 19L Should a utility engaged in simultaneous wholesale and retail sales of electricity from utility plant in the retail rate base be allowed to charge retail customers a higher price for the fuel consumed in operating the plant than it charges wholesale customers for fuel consumed in the same time period?

Comment: Staff believes this issue should read as follows: "Should a wholesale customer ever pay less than a utility's system average fuel cost?"

Issue 19M Is the benchmark proxy for market price used to test the reasonableness of fuel-related transactions between a regulated utility and its affiliated companies still valid under current operating conditions?

Comment: Staff suggests the following language: "Is the benchmark proxy for the market price used to test the reasonableness of fuel-related transactions between an investor-owned electric utility and its affiliated companies still valid under current market conditions?"

Issue 19N Should the Commission order that all non-emergency wholesale sales made from utility plant in the retail rate base be subordinate to all retail sales to assure that sufficient capacity or average cost replacement power is available for retail ratepayers?

Comment: Staff believes that this issue would be best addressed in any proceedings arising from the nonfirm service workshops.

Issue 190 Are wholesale revenues a regulated utility receives from sales of electricity out of utility plant included in the utility's retail rate base being treated correctly?

Comment: Staff believes this issue lacks specificity. Unless FIPUG can provide a specific example of a problem this issue would address, staff believes this issue should be eliminated from this docket.

Although some of these issues were originally raised by FIPUG as issues specific to Tampa Electric Company, staff believes that any determination on these issues should be applicable to each utility in this docket. Staff believes that this generic approach is appropriate because it will avoid piecemeal regulation on these issues and provide uniform treatment among the utilities in this docket.

Please provide any feedback concerning staff's comments on these issues by Wednesday, March 15, 2000. To allow the parties to better prepare for the March 29, 2000, Issue Identification Meeting, please copy your comments to all parties.

If anyone has any questions concerning the Issue Identification Meeting or concerning staff's comments on the issues, please contact Todd Bohrmann at (850) 413-6445 or Cochran Keating at (850) 413-6193.

WCK

cc: Todd Bohrmann