

Blanca Bayo

From: Blanca Bayo
Sent: Tuesday, March 13, 2001 8:30 AM
To: Bill McNulty
Subject: RE: Additional Rate Impact Scenarios, Item 12A, March 13 Agenda Conference (Docket No. 010001-EI, Fuel and Purchased Power)

Thanks Bill. I will make a copy of this E-mail to go in the docket file.

-----Original Message-----

From: Bill McNulty
Sent: Monday, March 12, 2001 8:39 PM
To: Carol Purvis; Blanca Bayo; Roberta Bass; Bob Trapp
Cc: Mary Bane
Subject: FW: Additional Rate Impact Scenarios, Item 12A, March 13 Agenda Conference (Docket No. 010001-EI, Fuel and Purchased Power)

My apologies - I meant to send this e-mail to you but your name was not included in the first delivery. Thanks.

-----Original Message-----

From: Bill McNulty
Sent: Monday, March 12, 2001 7:59 PM
To: Commissioners ALL; Bill Berg; Ignacio Ortiz; JoAnn Chase; Katrina Tew; Melinda Butler; Mary Bane; William Talbott; Harold McLean; 'jmcwhirter@mac-law.com'; 'vandiver.rob@leg.state.fl.us'; 'mchilds@steelhector.com'; 'vkaufman@mac-law.com'
Cc: Richard Tudor; Connie Kummer; Dave Wheeler; Elisabeth Draper; Joe Jenkins; Roland Floyd; Todd Bohrmann; Cochran Keating; Bob Elias
Subject: Additional Rate Impact Scenarios, Item 12A, March 13 Agenda Conference (Docket No. 010001-EI, Fuel and Purchased Power)

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Regarding Item 12A on Tuesday's agenda, Commissioner Palecki reviewed the Revised Staff Recommendation on Friday, March 9 and discussed with staff three different analyses than those which were presented in Attachment C of the revised recommendation. Staff has completed two analyses, and the third has not been completed due to time constraints.

The three analyses are as follows:

1) Scenario 1: This scenario reflects one change from the scenario reflected on Page 22 of the Revised Recommendation, in the portion of the table identified as "Alternative Mid-Course Correction". Commissioner Palecki asked staff to estimate the 2001 and 2002 rate impacts if the \$43.4 million under-recovery shown for the month of January 2001 is recovered in 2001, instead of 2002. This under-recovery amount is the actual January 2001 under-recovery in excess of that which was included in the petition. The Commissioner indicated that he requested this analysis because he was interested in knowing what the rate impact would be of recovering all actual under-recovery amounts in 2001, and deferring all estimated under-recovery amounts until 2002. The utility reported that the under-recovery for February was on target with that which was estimated in its petition, and thus no further adjustment was made.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Based on the above-described scenario, Staff's analysis indicates that the April through December 2001 residential bill for 1000 KWH increases by \$5.50 from the present rate to \$86.05. The 2002 residential bill for 1000 KWH increases by \$2.93 from the April 2001 Mid-Course rate to \$88.98. This assumes the 2002 fuel forecast is used for 2002. For rate comparisons with the scenario filed in the revised recommendation, refer to Page 21.

2) Scenario 2: This scenario reflects one change from the scenario reflected on Page 22 of the Revised Recommendation, in the portion of the table identified as "Alternative Mid-Course Correction". Commissioner Palecki asked staff to estimate the 2001 and 2002 rate impacts assuming the total amount of all listed adjustments for 2001 are set equal to the total amount of all adjustments for 2002. This required summing the total amounts in the 2001 and 2002 columns, adding them together, and dividing by two. The result would be the amount recovered in each year. Interest expense was not included in the calculation in this scenario due to time constraints, but staff does not believe these amounts to be material for this analysis. Under this scenario, \$97.0 million of the 2001 estimated under-recovery was deferred to 2002, instead of \$172.5 million deferred to 2002 in the alternative scenario of the revised recommendation.

Under this scenario, Staff's analysis indicates that the April through December 2001 residential bill for 1000 KWH would increase by \$6.02 to \$86.57. The 2002 residential bill for 1000 KWH would increase by \$1.96 from the April 2001 Mid-Course rate to \$88.53. This assumes the 2002 fuel forecast is used for 2002. For rate comparisons with the scenario filed in the revised recommendation, refer to Page 21.

3) Scenario 3: Commissioner Palecki also was interested to know what rate impacts would result from assuming that FPL entered into long-term contracts for all fuels on a price basis, not just a volume basis. Staff requested this information from FPL on Monday, March 12, but the utility had not completed the analysis at the time of this e-mail.