

ORIGINAL



JACK SHREVE
PUBLIC COUNSEL

STATE OF FLORIDA
OFFICE OF THE PUBLIC COUNSEL

c/o The Florida Legislature
111 West Madison St.
Room 812
Tallahassee, Florida 32399-1400
850-488-9330

September 24, 2001

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

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RE: Docket No. 010283-EI

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of Citizens' Post Hearing Statement for filing in the above referenced docket.

Also enclosed is a 3.5 inch diskette containing Citizens' Post Hearing Statement in WordPerfect for Windows 6.1. Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

Stephen C. Burgess
Deputy Public Counsel

SCB/dsb
Enclosures

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DOCUMENT NUMBER-DATE

FPSC-COMMISSION CLERK

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Calculation of gains and)
appropriate regulatory treatment)
for non-separated wholesale)
energy sales by investor-owned)
electric utilities.)
_____)

Docket No. 010283-EI

Filed: September 24, 2001

CITIZENS' POST HEARING STATEMENT

The Citizens of the State of Florida, through their attorney, the Public Counsel, pursuant to Section 350.0611, Florida Statutes, and consistent with Order No. PSC-01-1547-PHO-EI, hereby file this post-hearing statement.

BASIC POSITION

Retail customers are supporting all the assets used for non-separated wholesale sales and are thus entitled to the proceeds from such sales. The Commission has adopted a formula to split the gains between the IOU's and their customers, but the split was adopted only for the explicit purpose of maximizing the off-system sales for the benefit of the retail ratepayers. Accordingly, any implementation procedure must be consistent with the stated purpose of benefitting the retail customers.

The Citizens believe that the final order issued from this docket should include an explicit statement to the effect that off-system non-separated sales are to be made only for the purpose of benefitting the retail ratepayers. Such a statement would provide a valuable context for resolving future disputes over the proper interpretation of key language.

DOCUMENT NUMBER-DATE

11989 SEP 24 01

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The Citizens believe that the final order issued in this docket should omit the language “**but not be limited to,**” which was included in Part III of Order No. PSC-00-1744-PAA-EI, for the definition of “incremental costs.” The Citizens fear that such vague terminology could be used improperly to reduce the gain which the retail ratepayers otherwise receive through the fuel clause.

ISSUES AND POSITIONS

ISSUE 2: What is the appropriate regulatory treatment for the cost of fuel and purchased power associated with non-separated wholesale energy sales?

OPC: *The cost of non-separated wholesale sales should be removed from the retail cost recovery clause(s) on an incremental basis. For this purpose “incremental” should consider purchased power, as well as fuel burned.*

ISSUE 3: What is the appropriate regulatory treatment for the operation and maintenance (O&M) expenses associated with non-separated wholesale energy sales?

OPC: *They should be excluded from the calculation of the gain on wholesale sales for fuel adjustment purposes. This treatment does not affect the utilities’ motivation to place wholesale sales, [T-79, 158] removes the difficult issue of identifying what is truly “incremental O&M,” and increases the gain available to retail customers through fuel adjustment.*

ISSUE 4: How should the Commission implement Part II of Order No. PSC-00-1744-PAA-EI, in Docket No. 991779-EI, issued September 26, 2000, concerning the application of incentives to wholesale energy sales?

**CERTIFICATE OF SERVICE
DOCKET NO. 010283-EI**

I HEREBY CERTIFY that a true and correct copy of the foregoing CITIZENS' POST HEARING STATEMENT has been furnished by U.S. Mail or *Hand-delivery to the following parties on this 24th day of September, 2001.

Todd Bohrmann, Esquire*
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

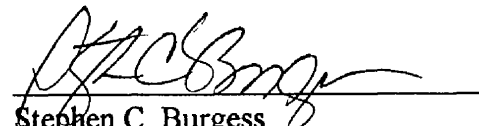
Mr. Paul Lewis, Jr.
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740

Mr. Bill Walker
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859

Florida Industrial Power Users Group
c/o McWhirter Law Firm
Vicki Kaufman
117 S. Gadsden St.
Tallahassee, FL 32301

Ms. Angela Llewellyn
Regulatory Affairs
P. O. Box 111
Tampa, FL 33601-0111

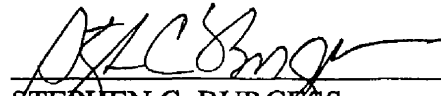
Susan D. Ritenour
Assistant Secretary and Assistant
Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780


Stephen C. Burgess
Deputy Public Counsel

OPC:

The benchmark should be based exclusively on historical data. Additionally, the initial three-year average should act as a perpetual floor of expectation, such that no future rewards should not be granted unless the gains exceed the original three-year average benchmark, as well as the rolling average.

Respectfully submitted,



STEPHEN C. BURGESS
Deputy Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
(850) 488-9330

Attorneys for the Citizens of the
State of Florida