

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: April 18, 2002
TO: Mary Bane, Executive Director
FROM: Tim Devlin, Director, Division of Economic Regulation
Mary Anne Helton, Attorney Supervisor, Office of the General Counsel
RE: Item No. 16 on April 23, 2002, Agenda Conference - Clarification pertaining to Paragraph 13 of Stipulation and Settlement in Docket No. 000824-EI (Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power and Light)

On April 12, 2002, Staff received an e-mail (see attached) from Charlie Beck, Office of Public Counsel, which clarifies the meaning of one portion of Paragraph 13 of the Stipulation and Settlement in Docket No. 000824-EI, scheduled for consideration by this Commission at its April 23, 2002, Agenda Conference (Item No. 16, Issue 1). Paragraph 13 of the Stipulation and Settlement reads, in part:

FPC will continue the implementation of its four-year Commitment to Excellence Reliability Plan, including its objective of a 20% improvement in FPC's System Average Interruption Duration Index (SAIDI), measured on a calendar-year basis. FPC will provide a \$3 million refund to customers in the event SAIDI improvement is not achieved for calendar years 2004 and 2005.

In his e-mail, Mr. Beck clarifies that the proposed \$3 million refund to customers in the event that Florida Power Corporation (FPC) does not achieve its distribution reliability objective during those years applies separately to 2004 and 2005. FPC's objective is to achieve a 20 percent improvement (decrease) compared to its 2000 SAIDI in each of those years. Thus, if the objective were not achieved in 2004, FPC would refund \$3 million to customers in 2005; and if the objective were not achieved in 2005, FPC would refund \$3 million to customers in 2006.

Counsel for FPC, Jim McGee, agreed with Mr. Beck's clarification on April 12, 2002. Staff notified all parties of the clarification and the parties were given an opportunity to object to the clarification. No party responded by Staff's requested response date of April 17, 2002. Thus, Staff believes all parties are in agreement with this clarification as stated above and as expressed in the e-mail by the Office of Public Counsel.

TD/BM:kb

Attachment

- AUS
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COM
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Chairman Jaber
Commissioner Deason
Commissioner Baez
Commissioner Palecki
Commissioner Bradley
Harold McLean
Blanca Bayo
John Slemkewicz
Bill McNulty
Todd Bohrmann
David Wheeler
Elisabeth Draper
Cochran Keating

Handwritten notes: OK, MAB, 4/19/02

DOCUMENT NUMBER-DATE

04356 APR 19 2002

FPSC-COMMISSION CLERK

**Bill McNulty**

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**From:** Mary Anne Helton  
**Sent:** Wednesday, April 17, 2002 3:16 PM  
**To:** Tim Devlin; Joe Jenkins; Bill McNulty  
**Subject:** FW: Docket 000824 settlement, paragraph 13

I never heard back from anyone, so I say we do a memo. Bill, were you going to draft it?

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

**From:** Mary Anne Helton  
**Sent:** Friday, April 12, 2002 2:30 PM  
**To:** John McWhirter (E-mail); Vickie Gordon Kaufman (E-mail); Seann Frazier (E-mail); Tom Cloud (E-mail); Chris Browder (E-mail); Michael Twomey (E-mail); 'lafacer@ghrlaw.com'  
**Cc:** James A. McGee (E-mail); James A. McGee (E-mail 2); Charlie Beck (E-mail); Tim Devlin; Joe Jenkins; Bill McNulty  
**Subject:** FW: Docket 000824 settlement, paragraph 13

I will assume that all the other parties to the settlement agree. If you do not, please let me know by Wednesday, April 17, at noon. Thanks.

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

**From:** McGee, James A [mailto:James.McGee@pgnmail.com]  
**Sent:** Friday, April 12, 2002 10:29 AM  
**To:** 'BECK.CHARLES'; Mary Anne Helton (E-mail)  
**Cc:** McGee, James A  
**Subject:** RE: Docket 000824 settlement, paragraph 13

Mary Anne

While it pains me to admit it, Charlie is correct.

Jim

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

**From:** BECK.CHARLES [mailto:BECK.CHARLES@leg.state.fl.us]  
**Sent:** Friday, April 12, 2002 10:10 AM  
**To:** Mary Anne Helton (E-mail)  
**Cc:** Jim McGee (E-mail)  
**Subject:** Docket 000824 settlement, paragraph 13

Mary Anne, I've read the staff recommendation and want to be sure staff understands that the \$3 million refunds connected with achievement of certain SAIDI measurements in 2004 and 2005 applies separately for each of the years. If FPC fails to achieve the SAIDI measurement in 2004, it would pay a \$3 million refund. The same test applies independently in 2005, so that if FPC met the test in 2004 but failed in 2005, it would pay \$3 million for failing to achieve the measurement in 2005. If FPC failed to achieve the SAIDI measurement in both 2004 and 2005, it would pay \$3 million for each of the years, for a total of \$6 million.

Charlie

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Charles J. Beck  
Deputy Public Counsel

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