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Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

DATE: December 12, 2006
TO: All Parties of Record
FROM: Lisa C. Bennett, Attorney, Office of the General Counsel *AB*
RE: Docket No. 060001-EI - Fuel and Purchased Power Cost Recovery Clause and
Generating Performance Incentive Factor.

VIA ELECTRONIC MAIL

Please note that the Commission Staff will conduct an informal meeting with parties in the above-referenced docket at the following time and place:

3:30 p.m., Monday, December 18, 2006
Florida Public Service Commission
Room 362, Gerald L. Gunter Building
2540 Shumard Oak Blvd.
Tallahassee, Florida

The purpose of this meeting is to draft proposed language to address Issues 12 and 13 which were deferred from the November 2006 fuel hearing. Attached to this notice are the issues and staff's proposed language addressing each issue. Please consider this a starting point for discussion of the solution to Issues 12 and 13.

A teleconference phone number will be provided by electronic mail to all parties.

If you have any questions concerning this meeting, please call me at (850) 413-6230.

- CMP _____
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- SGA _____
- SEC 1 _____
- OTH _____

cc: Division of Economic Regulation (Lester, McNulty, Matlock)
Division of the Commission Clerk and Administrative Services (Docket file)

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Issue 12: What is the appropriate methodology for calculating over and under recoveries of projected fuel costs, pursuant to Commission Order Nos. 13694 and PSC-98-0691-FOF-PU?

Staff Position: To ensure consistency in the electric IOU's interpretation of Commission Order Nos. 13694 and PSC-98-0691-FOF-PU on a prospective basis commencing January 1, 2007, the appropriate method to determine whether actual fuel costs are ten percent greater than or less than projected fuel costs is to divide the estimated "End-of-Period Total Net True-up" for the last month in the current recovery period by the current period's total actual and estimated "Jurisdictional Fuel Revenue Applicable to Period." The denominator of the percent calculation consists of actual "Jurisdictional Fuel Revenue Applicable Period" for the current period's past months and estimated "Jurisdictional Fuel Revenue Applicable Period" for the current period's future months.

The estimated "End-of-Period Total Net True-up" calculation for the last month in the current recovery period should exclude any previous periods' true-ups for which recovery has been deferred, by order, until after the current recovery period. For calculating the net true-up as a percent of revenue, "Jurisdictional Revenue Applicable to Period" should be reduced by non-period expenses or expense adjustments that are not included in "Jurisdictional Total Fuel and Net Power Transactions" and are included in "Jurisdictional Fuel Revenue."

Schedule A-2 – Calculation of True-up and Interest Provision contains the amounts Jurisdictional Fuel Revenue (Line C1), "Jurisdictional Fuel Revenue Applicable to Period" (Line C3), Jurisdictional Total Fuel and Purchased Power Transactions (Line c6) and "End-of-Period Total Net True-up" (Line C11).

Issue 13: At what point in time should a utility notify the Commission that an over or under recovery exceeds 10% of the projected fuel costs?

Staff Position: Any time the absolute value of the estimated "End-of-Period Total Net True-up" for the last month in the current recovery period divided by the current period's total actual and estimated "Jurisdictional Fuel Revenue Applicable to Period" is ten percent or greater, the utility should notify the Commission.

Schedule A-2 – Calculation of True-up and Interest Provision contains the amounts "Jurisdictional Fuel Revenue Applicable to Period" (Line C3) and "End of Period Total Net True-up" (Line C11).