

FLORIDA PUBLIC SERVICE COMMISSION

NOTE SHEET

DATE: January 7, 1997

RE: DOCKET NO. 970002-00 - Petition for approval of early termination amendment to negotiated qualifying facility contract with Orlando Cogen Limited, Ltd. by Florida Power Corporation.
DOCKET NO. 970002-00 - Energy Conservation Cost Recovery Clause.

Issue 1: Recommendation that the amendment to the contract between Florida Power Corporation and Orlando Cogen Limited, Ltd. be approved for cost recovery. Approval of the amendment provides an estimated \$33 million net present value savings. The amendment will also mitigate potential straddable assets, reduce long term liability, and increase FPC's flexibility.

(Continued to next page)

DENIED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

CONSENTING

DISSENTING

[Handwritten signatures: Susan Clark, J. J. [unclear], J. [unclear], [unclear]]

REMARKS/DISSENTING COMMENTS:

FPC/RAR33 (5/90)

DOCUMENT NUMBER - DATE

00211 JAN-95

FPC-RECORDS/REPORTING

(Continued from previous page)

Issue 11 (Continued)

Alternative Recommendation: Recommendation that the amendment to the contract between Florida Power Corporation and Orlando Cogen Limited, Ltd. be denied for cost recovery. The buyout is inconsistent with the objectives of the reverse auction bid solicitation and will not produce net savings before the year 2019. Furthermore, the buyout's cost effectiveness appears to be too sensitive to fluctuations in fuel price projections and inflationary assumptions.

APPROVED

Issue 21: Recommendation that, if the primary staff recommendation to Issue 1 is approved, all expenses associated with the buyout should be recovered from the ratepayers through two adjustment clauses. Specifically, 38 percent of the buyout costs should be recovered through the Fuel and Purchased Power Cost Recovery Clause, and 62 percent should be recovered through the Capacity Cost Recovery Clause. This would approximate the cost allocation which would have occurred had the contract remained in place. FPC indicated that the cost allocation methodology suggested by staff was acceptable.

MS

Issue 21

Alternative Recommendation: Recommendation that, if the primary recommendation to Issue 1 is approved, \$46,643,000 of the \$49.4 million total buyout cost be allowed for recovery through the Capacity and Fuel Clauses and the remaining \$2,763,000 be recovered through current base rate earnings. The \$46,643,000 being recovered through the Capacity and Fuel Clauses should be allocated as recommended in the primary recommendation.

Vol. Sheet
Dockets Nos. 961104-EG
970002-EG
January 7, 1997

Issue 1: Recommendation that the Energy Conservation Cost Recovery (ECCR) factor should be credited with the 1996 revenue decoupling balance and accumulated interest to residential customers only with a one year amortization period as a part of the 970002-EG docket. FPC has indicated that the one year amortization period is acceptable.

APPROVED

Issue 4: Recommendation that, if no person whose substantial interests are affected by the Commission's proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed.

APPROVED