

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

DOCKET NO. 120001-EI
ORDER NO. PSC-12-0144-PCO-EI
ISSUED: March 27, 2012

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER GRANTING FLORIDA PUBLIC UTILITIES COMPANY'S
PETITION FOR MID-COURSE CORRECTION

BY THE COMMISSION:

Background

On February 21, 2012, Florida Public Utilities Company (FPUC) filed a petition for approval of a mid-course correction to its purchased power cost recovery factors (fuel factors) for its Northwest Division.¹ This mid-course petition is based on lower fuel costs of Gulf Power Company (Gulf), which is FPUC's generation services provider for its Northwest Division. On January 25, 2012, Gulf filed for a mid-course fuel rate reduction based on lower projected natural gas prices for 2012. We approved Gulf's mid-course correction at the Agenda Conference on February 14, 2012.² As a result, FPUC expects significantly lower purchased power costs and seeks to reduce its fuel factors to be effective with the first billing cycle in April 2012.

Mid-course corrections are part of the fuel and purchased power cost recovery clause (fuel clause) proceeding, and such corrections are used by us between fuel hearings whenever costs deviate from revenues by a significant margin. Petitions for mid-course corrections to fuel factors are addressed by Rule 25-6.0424, Florida Administrative Code (F.A.C.). Under this rule, utilities must notify us whenever it expects to experience an underrecovery or overrecovery greater than 10 percent. FPUC's projected overrecovery is less than the 10 percent threshold.

Mid-course corrections are considered preliminary procedural decisions. Any overrecoveries or underrecoveries caused by or resulting from the new fuel factors adopted by

¹ We set FPUC's current fuel factors for 2012 at the November 2011 fuel hearing, by Order No. PSC-11-0579-FOF-EI, issued December 16, 2011, in Docket No. 110001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

² See Order No. PSC-12-0082-PCO-EI, issued February 24, 2012 in Docket No. 120001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

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the mid-course correction will be reviewed as a part of the November 2012 fuel hearings. We have jurisdiction to consider fuel clause proceedings under our authority to set fair and reasonable rates, found in Section 366.05, Florida Statutes.

Decision

FPUC's petition states that, without a mid-course adjustment, the projected overrecovery at the end of March 2012 would be \$56,503. After a noticed informal meeting on February 24, 2012, regarding FPUC's true-up calculations, FPUC proposed to revise its filing. Based on the revision, the projected overrecovery at the end of March 2012 would be \$1,372,721. The decrease in purchased power costs along with this projected overrecovery are the basis for the mid-course reduction to FPUC's fuel factors.

The current 1,000 kilowatt hour (kWh) residential bill for FPUC's Northwest Division is \$139.28, with a fuel component of \$103.07. We find that the fuel factors from this midcourse correction shall be approved, thus, the 1,000 kWh residential bill will be \$134.64, with a fuel component of \$98.54, a decrease of \$4.53 in the fuel component. The total 1,000 kWh residential bill, including Gross Receipts Taxes, will decrease by \$4.64 effective April 1, 2012.

The mid-course adjustment is based on a projected overrecovery. The actual true-up amount will differ depending on a variety of factors, including kWh sales and actual costs that will be subject to audit and decided at the November 2012 hearing. FPUC's projected overrecovery does not reach a level that would require it to inform us pursuant to Rule 25-6.0424, F.A.C. However, we find that implementing the mid-course adjustment will allow FPUC to get these savings back to customers sooner rather than later.

We approve FPUC's mid-course petition and the fuel factors contained in its revision filed on February 24, 2012 and shown in Attachment A. The revised fuel factors shall become effective with the April 2012 billing cycle, which begins on April 1, 2012.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's Petition for Mid-Course Correction is granted. It is further

ORDERED that the fuel factors in Attachment A to this Order are hereby approved. It is further

ORDERED that the Fuel and Purchased Power Cost Recovery Clause docket is an on-going docket and shall remain open.

By ORDER of the Florida Public Service Commission this 27th day of March, 2012.



ANN COLE
Commission Clerk
Florida Public Service Commission
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Attachment A

FPUC - NORTHWEST DIVISION	
Fuel and Purchased Power Cost Recovery Factors	
Effective April 1, 2012	
<u>Rate Schedule</u>	<u>Fuel Factor (c/kWh)</u>
RS (1st 1,000 kWh)	9.854
RS (Above 1,000 kWh)	10.854
GS	9.854
GSD	9.352
GSLD	8.995
OL, OL-2	7.619
SL1-2, SL-3	7.641

FPUC - NORTHWEST DIVISION		
Time of Use/Interruptible Fuel and Purchased Power Cost Recovery Factors		
Effective April 1, 2012		
<u>Rate Schedule</u>	<u>Fuel Factor On Peak (c/kwh)</u>	<u>Fuel Factor Off-Peak (c/kwh)</u>
RST - EXP	18.254	5.954
GST - EXP	13.854	4.854
GSDT - EXP	13.352	6.102
GSLDT - EXP	14.995	5.995
IS - EXP	7.495	8.995