

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of ) DOCKET NO. 950171-EM  
Special Contract With the ) ORDER NO. PSC-95-0476-FOF-EM  
National High Magnetic Field ) ISSUED: April 12, 1995  
Laboratory by the City of )  
Tallahassee )  
\_\_\_\_\_)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER APPROVING SPECIAL CONTRACT

BY THE COMMISSION:

In June, 1994, the City of Tallahassee (the City) submitted a tariff filing changing the service rates for several classes. The City included a new interruptible rate schedule (IS) in its filing which was based on the unique usage characteristics of Florida State University's National High Magnetic Field Laboratory (the Mag Lab). With projected maximum monthly billing demands of 43.4 megawatts in fiscal year 1996, the Mag Lab represents a sizable load relative to the City's system.

Even though the Lab was already being served under the proposed IS rate, the Mag Lab continued negotiations with the City. On November 30, 1994, the City filed a special contract signed by the City and the Mag Lab. The contract provides that the firm portion of the Mag Lab's load will be served on the City's existing General Service Large Demand (GSLD) rate. The contract also contains a rate developed specifically for the interruptible portion of the Mag Lab's load. (See Attachment 1)

Under the proposed contract, the Mag Lab's load will be distinguished between firm and interruptible service. The firm service will be served under the applicable GSLD rate. The interruptible portion will be served under the interruptible rate specified in the proposed contract. The contract rate for the interruptible portion of the Mag Lab's load recovers the same share of all costs paid by other interruptible customers, except for

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distribution costs. The cost savings under the contract rate arise from using the actual costs for constructing the distribution facilities to derive the allocation of distribution revenue requirements.

This distribution cost allocation methodology is possible only because the substation and distribution facilities serving the Mag Lab were recently constructed and currently serve only the Mag Lab. Costs associated with this distribution plant can be clearly determined from work orders. Under this allocation method, the Mag Lab is not required to pay for any distribution costs except for costs associated with those facilities installed specifically to serve the Mag Lab. The result is an annual revenue difference of approximately \$591,000 below what the Mag Lab would pay under the existing interruptible tariff.

While recognizing that this is a departure from accepted cost allocation methodologies, we approve this method for two reasons: (1) The City is not proposing to recover any shortfall arising from this below-cost rate from the rest of the City's ratepayers; and (2) The City's petition states that any shortfalls incurred in the next fiscal year will be reflected as a reduction in the City's general revenues over which the Commission has no jurisdiction. If, at some later date, the City seeks to recover these revenue shortfalls from other classes, the issue will be addressed at that time.

Based on the foregoing, it is therefore

ORDERED that the contract between the City of Tallahassee and the National High Magnetic Field Laboratory is, hereby, approved. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff shall remain in effect pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

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By ORDER of the Florida Public Service Commission, this 12th  
day of April, 1995.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 3, 1995.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.