

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed revision of) DOCKET NO. 951374-EC
rate schedules by Tri-County) ORDER NO. PSC-95-1591-FOF-EC
Electric Cooperative, Inc.) ISSUED: December 27, 1995

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING RATE REVISIONS

BY THE COMMISSION:

On September 12, 1995 Tri-County Electric Cooperative filed revisions to its existing electric rates schedules. Tri-County has also proposed to create optional time-of-use rates for all of its customer classes and an optional demand-metered rate schedule for residential customers. The rates were approved by its board of directors on September 11, 1995 and will become effective on January 1, 1996. In support of its filing, the company has submitted a cost-of-service study that is based on a 1994 test year.

Tri-County has proposed several rate changes to its existing rate schedules. The proposal results in an overall decrease in revenues of \$75,339 (.52%). The cost-of-service study, however, has not considered customer migrations into the proposed time-of-use and the demand-metered rate schedules. Migration occurs when customers move to the rate schedule that produces the lowest total monthly bill based on their usage characteristics. This may result in less overall revenues being collected than the cost-of-service study indicates.

The cost-of service study submitted in support of its proposed rates appears to be reasonable with the exception of its Southeast Power Administration (SEPA) purchased power cost allocation. Tri-County is a non-generating utility that purchases all of its power from a combination of two suppliers. The SEPA supplies approximately 16 percent of the company's total power needs and Seminole Electric Cooperative supplies the remaining 84 percent. The SEPA power is relatively less expensive than the Seminole power and the cost-of-service study affords all of the benefits of this

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less expensive power to its residential customer class. not feel that this is an appropriate cost allocation. Traditional cost of service principles would spread the costs associated with all purchased power costs to the customer classes based on each classes relative contribution to peak demand and energy consumption. However, an analysis indicates that even if the SEPA power was allocated appropriately, it would be difficult to show that the cooperative had worsened its overall rate structure with its proposed rates. Tri-County agreed to correct this problem in its next cost-of-service study.

The rates proposed by Tri-County will result in most customer classes receiving a modest reduction in their electric prices. The general service non-demand customers will see a \$1.00 increase/month in there bill regardless of the amount of electricity consumed. This is because Tri-County has proposed to increase the monthly customer charge from \$12 to \$13 with no change in the price per kwh. The cooperative, however, has proposed to allow all general service customers, regardless of their size, to choose between a non-demand or a demand-metered rate. General service non-demand customers with a load factor in excess of 28% can realize a reduction in their monthly bills if they choose to take service on the demand rate. It appears that this new option will further improve the rate structure of Tri-County.

Tri-County has expressed its strong desire to increase the number of rate options available to its customers for electric service and to find ways to reduce its purchased power costs. As such, the company has created optional time-of-use rates for all of its customer classes and an optional demand rate for its residential customers. Tri-County feels that these rates will encourage participating customers to manage their electric consumption more efficiently and provide cost savings to all customers. The methods used to develop these rates are reasonable and we find that the rates should be approved.

Tri-County will publish all of its new rate schedules and options in their monthly magazine. The magazine will be delivered to all customers of the cooperative on December 1, 1995. In addition, Tri-County has agreed to mail a follow up letter to its general service customers within one year of the January 1, 1996 effective date.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tri-County Electric Cooperative's proposed rate changes shall be approved as filed, effective January 1, 1996. It is further

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ORDER that if a timely protest is filed, in accordance with the requirements set forth below, the rate schedules shall be effective January 1, 1996, pending the resolution of the protest. It is further

ORDERED that if no protest is filed, this docket shall be closed. It is further

ORDERED that Tri-County's next cost-of-service study allocate all of the costs associated with its purchased power contracts to the customer classes in a manner consistent with traditional cost-of-service principles.

By ORDER of the Florida Public Service Commission, this 27th day of December, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

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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

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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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 17, 1996.

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

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.