

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition of Florida )  
Power Corporation and Sebring )  
Utilities Commission for Approval )  
of Certain Matters in Connection )  
with the Sale of Assets by )  
Sebring Utilities Commission )  
to Florida Power Corporation )  
\_\_\_\_\_ )

Docket No. 920949-EU

Filed: November 16, 1992

**PREHEARING MEMORANDUM OF INTERVENOR  
CITIZENS FOR UTILITY RATE EQUITY ("CURE")**

Pursuant to the Commission's Case Assignment and Scheduling Record in this case, Citizens for Utility Rate Equity ("CURE") hereby submits its Prehearing Memorandum.

CURE supports the sale of assets by Sebring to Florida Power corporation and believes this transaction is in the best interest of citizens in the Sebring area because it will afford them electric utility rate relief now and in the future. We will gain immediate rate relief, eventual rate equity, increased customer service options, professional management and regulation by the Commission.

First and foremost, CURE supports the sale because it will give rate-payers immediate rate relief from SUC's high rates. Some SUC rate payers have to make the choice between buying the necessities of life such as groceries or medications, or paying their electric bill. These same people are unable to utilize their air conditioning due to the expense they will incur. This community needs to be rid of the stigma of living in SUC territory and the Florida Power purchase of SUC will alleviate this problem.

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Historically, municipal utilities have only been brought into play when they would be useful to the public by providing better rates or service than the private sector. CURE and numerous Sebring residents clearly recognize that SUC fails the rate test miserably and SUC is not providing electric service at a fair price. CURE has asked at each of our four (4) public meetings if anyone was in favor of SUC rates or the continuation of SUC. Not one person spoke in favor of either.

Another significant reason why CURE supports the sale is because CURE believes we need to be regulated by the PSC. This will provide an outlet for customer complaints and assure that electric rates are fair and equitable. PSC control over SUC would have assured the ratepayers of a properly conducted independent marketing study which CURE believes would have prevented the building of the Phillips Plant. We want to avoid future disasters from financially crippling our community. CURE believes that we need a professionally managed utility. SUC commissioners have not had the necessary expertise in management of large businesses. They have given management bonuses for "good management" even when SUC was losing money at the ratepayers' expense.

For all of the reasons stated above and in response to the issues, CURE supports the proposed sale. SUC ratepayers would get immediate rate reduction and several customer service options not available to current SUC ratepayers.

**ISSUE 1**

Does the proposed Sebring Rider unduly discriminate against Sebring customers?

**CURE POSITION:**

No. CURE does not believe that the proposed Sebring Rider unduly discriminates against Sebring customers. CURE supports the transition rate known as the Sebring Rider, because it will enable Sebring

customers to be rid of SUC's long-term debt causing the high rates and, within 15 years, customers will achieve equitable electric utility rates while *still* paying less than what SUC's rates would be.

CURE believes improper and uninformed financial management decisions have led to the situation where SUC ratepayers have the highest electric rates in the state. All previous efforts to solve the SUC financial problems resulted only in raising rates. Refinancing benefitted only the consultants and bondholders. SUC ratepayers *unwillingly* assumed these costs plus the huge commissions paid the bond brokers.

Nevertheless, CURE and Sebring area residents look forward to having this behind them and resolution of their dilemma. CURE sees the Sebring Rider far more acceptable than continuing to pay SUC's exorbitant rates. The whole Sebring community pays SUC rates in various ways. Even with the Sebring Rider, the Highlands County School Board could save an estimated \$94,000.00 per year and the County could realize an annual \$47,000.00 savings on its electric bills. An immediate drop in electric rates even with the Sebring Rider will also help the real estate business in Highlands County.

CURE also believes the Sebring Rider should not be a negative factor in the PSC decision. That rate is to pay off Florida Power's loan which will be used to pay off the bondholders and debt of SUC. Today the bondholders are being paid at a rate far higher than that rate SUC ratepayers will be charged to repay the Florida Power loan.

Therefore, CURE willingly supports the Sebring Rider as a part of the proposed sale from Sebring to Florida Power because it will afford customers rate relief, even with this transition fee, and customers will finally be relieved of SUC's long-term debt causing these high rates.

## ISSUE 2

Is the method used to calculate the rate of the Sebring Rider, and any changes thereto, appropriate?

### CURE Position:

Yes. CURE believes that the method used to calculate the Sebring Rider is fair and appropriate. The funds recovered under the Sebring Rider will be utilized to pay off the notes for Florida Power's acquisition of SUC and the retirement of SUC's debt. Also, since it has been agreed upon by both Florida Power and SUC in their Joint Petition that the Sebring Rider will be reviewed from time to time by the Commission along with Florida Power's other rates, CURE believes

that the ratepayers are being treated fairly and ratepayers interests will be protected by having the Commission's review.

ISSUE 3

Is the forecast of customers and usage used to develop the rate of the Sebring Rider appropriate?

CURE Position:

No position at this time.

ISSUE 4

Is the method used to identify customers who will be subject to the Sebring Rider appropriate?

CURE Position:

Yes. CURE believes the method used to identify customers who will be subject to the Sebring Rider appropriate. It is the former SUC customers who will be subject to the Rider and those ratepayers are either in SUC territory, get service through a SUC meter, or are located in the airport area.

ISSUE 5

Is the proposed 15-year period to collect the Sebring rider appropriate?

CURE Position:

CURE believes that the proposed 15-year period to collect the Sebring rider is appropriate because it will enable customers to achieve rate equity and still pay less than Sebring's rates. CURE's objective was and is to obtain electric rates comparable to Florida Power.

The 15-year period is not an unreasonable amount of time for SUC ratepayers to participate in the transaction fee while confidently knowing they are paying lower rates than SUC and at the end of 15 years have rate equity.

ISSUE 6

Is the proposed regulatory treatment of the Sebring Rider financing appropriate?

CURE Position:

Yes. CURE believes Florida Power's treatment of the Sebring Rider financing is appropriate.

ISSUE 7:

Should the Commission approve the SR-1 Rate Schedule as a part of FPC's rate schedules?

CURE Position: Yes. CURE believes the Commission should approve the SR-1 Rate Schedule as part of Florida Power's rate schedules.

ISSUE 8: Should the Commission approve the Sebring Rider and retain jurisdiction of it in accordance with the terms of the Joint Petition?

CURE Position: Yes. The Commission should approve the Sebring Rider and retain jurisdiction of it in accordance with the terms of the Joint Petition.

ISSUE 9 Is the cost study performed by RMI to value Sebring's distribution system, transmission system and other tangible assets reasonable and appropriate?

CURE Position: No position at this time.

ISSUE 10 Is the proposed regulatory treatment of the Sebring system acquisition financing appropriate?

CURE Position: No position at this time.

ISSUE 11 Is the methodology used to arrive at the valuation of Sebring's rate base assets appropriate?

CURE Position: No position at this time.

ISSUE 12 Should the Commission approve the depreciated net book value of Sebring's Electric System assets, as of September 30, 1991, in the amount of \$17,813,753.00?

CURE Position: No position at this time.

ISSUE 13 What are the tax consequences associated with Florida Power Corporation's acquisition of the Sebring system?

CURE Position: No position at this time.

ISSUE 14

Should the Commission approve at this time the prudence of the proposed acquisition of Sebring's electric system assets for recovery from Florida Power Corporation's general body of ratepayers?

CURE Position:

Yes. CURE believes the commission should approve at this time the prudence of the proposed acquisition of Sebring's electric system assets for recovery from Florida Power's general body of ratepayers. CURE recognizes that approval of these rates in advance is necessary for this entire transaction to go forward.

ISSUE 15

Should the Commission approve at this time the prudence of any proposed going concern value of the Sebring system for recovery from Florida Power Corporation's general body of ratepayers, and in what amount?

CURE Position:

No position at this time.

ISSUE 16

Should the Commission approve at this time the prudence of FPC proposed assumption of Sebring's purchased power contract with Tampa Electric Company?

CURE Position:

No position at this time.

ISSUE 17

Should the Commission approve FPC's recovery of the fuel costs associated with the Tampa Electric Company purchased power contract through the fuel cost recovery clause from its general body of ratepayers with no special allocation of costs to Sebring's ratepayers?

CURE Position:

No position at this time.

ISSUE 18

Should the Commission approve Florida Power Corporation's recovery of the capacity costs associated with the Tampa Electric Company purchase power contract through the capacity cost recovery clause from

its general body of ratepayers with no special allocation of costs to those to Sebring's ratepayers?

CURE Position: No position at this time.

ISSUE 19 Should the Commission approve the proposed Amendment to the Territorial Agreement and Termination of Settlement Agreement?

CURE Position: Yes. CURE believes the Commission should approve the proposed Amendment to the Territorial Agreement and Termination of Settlement Agreement because this will end long time customer confusion as to service provider and territorial conflicts between the two utilities.

ISSUE 20 Should the Commission approve the assignment of the Glades Electric Cooperative Territorial Agreement to FPC Corporation?

CURE Position: Yes. CURE believes the Commission should approve assignment of the Glades Electric Cooperative Agreement to Florida Power Corporation because this assignment will further help consolidate electric service and better serve Sebring and nearby residents.

Dated this 17 day of November, 1992.

Respectfully submitted,

CITIZENS FOR UTILITY RATE EQUITY  
("CURE")

  
James Flynn

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the Prehearing Memorandum by Citizens for Utility Rate Equity, has been served by U.S. Mail, postage prepaid to the following parties this 17 day of November, 1992.

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