

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of ) DOCKET NO. 930429-EM  
proposed PXT rate schedule and ) ORDER NO. PSC-93-0961-FOF-EM  
special contract with Publix ) ISSUED: June 28, 1993  
Supermarkets, Inc. by City of )  
Lakeland. )  
\_\_\_\_\_)

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING THE CITY OF LAKELAND PXT RATE SCHEDULE

BY THE COMMISSION:

On February 8, 1993, the City of Lakeland (City) filed a petition for approval of a new rate schedule (PXT), and a special contract between the City and Publix Supermarkets, Inc. (Publix). According to the petition the PXT rate schedule is designed for large high load factor customers. Also, according to the Petition, the PXT rate schedule and supporting contract were developed in an effort to retain the Publix Industrial Complex (Complex) as an electric customer of the City.

The Petition states that on December 2, 1991, Publix filed a letter of intent with the City stating that it intended to serve its Complex's power needs through cogeneration. Publix planned to install a new dual fuel 15 megawatt CTC3 (Combustion Turbine Combined Cycle Cogeneration) facility for the complex. The waste steam from the plant would be used to operate the chillers at the complex.

The City indicates that the Complex is its largest electric customer. Its revenue represents approximately 26 percent of the GSLD rate class energy consumption and revenue and 4.5 percent of the City's total revenue from retail sales. According to the Petition, the loss of Publix's revenue would advance the next anticipated rate increase by two years and increase its magnitude from 3 percent to 3.5 percent. In revenue this equates to a rate increase of over \$2,700,000 in the first year for the remaining ratepayers.

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FILE RECORDS/REGISTRY

Our Staff recommends, and we agree, that our determination should consider several key factors. The factors include the overall impact on the City of Lakeland's general body of ratepayers if Publix were to leave the Lakeland system versus retaining the load. The impact is reflected in a Net Present Value (NPV) analysis. The structure of the contract was also a focal point.

The NPV analysis centers around "costs" and "benefits" associated with the load retention rate. A major "benefit" to the City and the general body of ratepayers is the continued contribution to fixed costs by Publix. Fixed costs are those costs that do not change as the level of output changes. If Publix were to leave the system the remaining ratepayers would be forced to contribute more dollars to cover the existing fixed costs. A "cost" associated with retaining the Publix load is the inability to defer a future plant. If Publix were to leave the system, Larsen 9, an 86 megawatt combustion turbine, which is due in service in 1999, would be deferred by two years. Another cost the ratepayers would bear is the amount of the subsidy Publix will receive. The subsidy is defined as the difference between the PXT rate and what Publix is currently paying on the GSLD rate. According to our Staff's calculations the positive contribution that Publix will make over the life of the contract is \$18.1 million. That amount, when compared to the overall size of the utility, is significant. The negative impact on the general body of ratepayers would be considerable if the Publix load were not retained.

The contract which accompanied this petition provides additional comfort to this Commission. The base rate that Publix will pay over the life of the contract can be adjusted by an amount up to four percent per year to reflect any increases in the cost of providing electricity. The ability to increase the base rate insures that the Publix contribution to fixed costs is sustainable over the life of the contract. Further, because the base rate is directly related to the GSLD rate, the Commission has the authority to review the entire Lakeland rate structure. This will limit Lakeland's ability to load increases on other rate classes to keep the GSLD/PXT rate artificially low.

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In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition for approval of the PXT rate schedule and special contract between the City of Lakeland and Publix Market, Inc. is approved. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission this 28th day of June, 1993.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )  
MRC:bmi

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

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Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on July 19, 1993.

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.