

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Florida) DOCKET NO. 930868-EI
Power Corporation to Revise its) ORDER NO. PSC-93-1519-FCF-EI
Sebring Rider, Rate Schedule) ISSUED: October 15, 1993
SR-1.)
_____)

The following Commissioners participated in the disposition of this matter:

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

ORDER REVISING RATE SCHEDULE

BY THE COMMISSION:

In Docket No. 920949-EU, 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, Order No. PSC 92-1468-FOF-EU, we approved several aspects of the sale of Sebring Utilities Commission's electric facilities to Florida Power Corporation (FPC), including the "Sebring Rider", the SR-1 rate. FPC charges the SR-1 rate to customers in the former Sebring service area, in addition to FPC's regular rates.

The SR-1 rate reflects the costs associated with the large debt that Sebring had accumulated over the years to serve its customers. Because Sebring had become unable to service the debt and comply with its bond covenants, Sebring was forced to sell its utility system to FPC. As part of the purchase and sale agreement, Florida Power Corporation agreed to pay Sebring an amount sufficient to retire the debt. FPC also agreed to refinance the debt as part of its own medium-term financing program. We approved FPC's proposal to collect the amount of that debt from customers in Sebring's former service area as a formula rate over a fifteen year period. We retained jurisdiction over all aspects of the rider, and required FPC to submit information about the rider in its monthly surveillance reports and on a yearly basis.

At the time we approved the rider, the rate was estimated to be 1.805 cents per kWh. We acknowledged that the amount of the rider would vary periodically, depending upon the rate of revenue growth in the Sebring area. We also understood that the exact

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amount of dollars to be recovered by the rider would not be known until the sale was completed. The purchase and sale agreement was completed on April 1, 1993, and FPC began serving electricity to Sebring's customers. Sebring Utilities Commission ceased operating as a public utility at that time.

On August 31, 1992 FPC filed this Petition to revise its SR-1 Rate Schedule. Having completed its initial review of the rider, FPC requested that we approve a reduction in the rider to 1.577 cents per kWh.

The amount of the Sebring rider to be recovered from customers in Sebring's former service area consists of the total dollars of debt and interest expense associated with the purchase divided by the total number of kWh's forecasted over a fifteen year time period. The initial rider of 1.805 cents per kWh was based on an estimated amount of debt and an estimated interest rate. The purchase of the Sebring electric system on April 1, 1993, established the actual amount of dollars to be recovered from the Sebring customers because the amount of debt and the interest rate were known for certain. Both the final purchase price and the interest rate were lower than the estimates used to establish the initial rider. The kWh forecast has remained virtually unchanged. Consequently, the amount of the Rider should be reduced to reflect the reduction in the total dollars to be recovered. The effect of this change in the Sebring Rider will be a reduction of \$2.28 for a typical 1000 kWh bill.

This is the first time the SR-1 has been changed since the purchase occurred. On a going-forward basis, the only variable that will fluctuate over time and possibly necessitate a change in the amount of the Sebring Rider is the kWh's Sebring customers actually consume. A monthly surveillance report has been established to compare the forecasted Sebring revenues and the actual revenues collected from the Sebring customers. It is important to match the Sebring Rider revenues to the debt service requirements as closely as possible. We will continue to review the revenues associated with the Sebring Rider on an annual basis.

The appropriate effective date for the SR-1 rate reduction is November 1, 1993. FPC has several rate changes that will take effect beginning with the November 1993 billing cycles. The final step increase authorized in the company's last rate case, and the winter fuel, capacity, and conservation cost recovery factors all take effect in November 1993. It is logical for the revisions to

ORDER NO. PSC-93-1519-FOF-EI
DOCKET NO. 930868-EI
PAGE 3

the Sebring Rider to coincide with the other rate changes. It is therefore,

ORDERED that Florida Power Corporation's proposed revision of its Sebring Rider SR-1 rate schedule is approved, effective November 1, 1993. It is further

ORDERED that the tariff shall remain in effect pending the resolution of any timely filed protest. It is further

ORDERED that this Order shall become final and this docket 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 15th day of October, 1993.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MCB:bmi

by: Kay Lynn
Chief, Bureau of Records

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.

ORDER NO. PSC-93-1519-FOF-EI
DOCKET NO. 930868-EI
PAGE 4

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on November 5, 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.