

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| In re: Annual percentage increase in) | DOCKET NO. 890315-EG |
| costs per KWH for use in RCS audit) | ORDER NO. 21002 |
| payback calculations.) | ISSUED: 4-7-89 |

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING ANNUAL PERCENTAGE RATE
OF CHANGE IN COSTS PER KWH FOR USE IN
RCS AUDIT PAYBACK CALCULATIONS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Pursuant to Rule 25-17.057(5)(a), Florida Administrative Code, the Commission annually determines the percentage rate of change in electric bills for purposes of computing the payback time for conservation measures evaluated in residential conservation service audits.

For our consideration of this matter, Staff prepared an analysis of the escalation factor resulting from a ten-year revenue requirement projection for the four major investor-owned electric companies in the State of Florida. The analysis included rate base, cost of capital, and expense projections in the revenue requirement calculations for each of the years 1988 through 1997. The year 1988 was used as the base year for estimating the value of various components of the analysis. With the exception of fuel costs, and cost of capital rates of return, 1988 data consisted of 13-month average jurisdictionally-adjusted figures for the period ended December 31, 1988, which were the latest figures available and which appeared in their December, 1988 monthly Rate-of-Return reports. Fuel costs were developed from the utilities' filings in the last Annual Planning Hearing and Staff's latest fuel price forecast. The rates of return are based upon the December, 1988 Rate of Return reports, except the cost rates for common equity, which are taken from Staff's February 14, 1989 Quarterly Report on Equity Cost Rates. The results of these calculations indicate that an average annual growth rate of 3.2% is appropriate.

Having reviewed Staff's recommendation, we find that the annual percentage increase in costs per KWH for use in the Residential Conservation Service Audit Payback Calculations is 3.2%.

DOCUMENT NUMBER-DATE

03556 APR-7 1989

FPSC-RECORDS/REPORTING

ORDER NO. 21002
DOCKET NO. 890315-EG
PAGE 2

It is, therefore,

ORDERED by the Florida Public Service Commission that the annual percentage increase in costs per KWH for use in the Residential Conservation Service Audit Payback Calculations is 3.2%. It is further

ORDERED that this Order shall become final unless a petition for formal proceeding is received by the close of business on April 27, 1989.

By ORDER of the Florida Public Service Commission,
this 7th day of April, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC

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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), 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 April 27, 1989. In the absence of such a petition, this order shall become effective April 28, 1989, as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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.

ORDER NO. 21002
DOCKET NO. 890315-EG
PAGE 3

If this order becomes final and effective on April 28, 1989, 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 sewer 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 effective date of this order, 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.