

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed revisions in)	DOCKET NO. 910064-EM
Schedules by City of Mount Dora.)	ORDER NO. 24104
_____)	ISSUED: 2-14-91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 BETTY EASLEY
 FRANK S. MESSERSMITH
 MICHAEL McK. WILSON

ORDER AUTHORIZING THE CITY OF MOUNT DORA
 TO ADD A CUSTOMER CHARGE, TO DECREASE RATES FOR
 CERTAIN RATE CLASSES, AND TO ADD PUBLIC AND
 PRIVATE OUTSIDE LIGHTING SCHEDULES

BY THE COMMISSION:

The City of Mount Dora (Mount Dora or Utility) requested that this Commission authorize the addition of a customer charge for monthly electric service provided by the Utility; that we approve a change in the basis of the minimum charge; that we approve proposed rate decreases for the residential, general service nondemand, and general service demand classes of the Utility; and, finally, that we approve the addition of public street and highway and private lighting rate schedules to the Utility's tariff.

Certain costs incurred by a utility vary with the number of customers served. Examples of such costs include those for meters, service drops, meter reading and billing expenses. In order to recover these costs, which vary with the number of customers, a utility may assess each customer a monthly "customer charge" to recover the utility's costs for these expenses. We find that it is appropriate for Mount Dora to include a customer charge for the residential and general service rate classes in its monthly billing so that the utility may properly recover these costs.

Prior to implementing the customer charge discussed above, the rate schedules for residential and general service nondemand rate classes had a minimum charge of \$5.98, which was the equivalent of charging the customer for 67 KWH of service, regardless of the number of KWH actually used by the customer. Thus, even if customers used less than 67 KWH, they were still charged \$5.98. Therefore, the effect of the existing minimum charge is to bill customers for only those KWH above 67 used. Since the energy charge recovers energy-related costs which vary with the number of KWH used and demand-related costs, the Utility's previous minimum charge was inequitable. It was not based on cost causation and it

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was anti-conservation. With the proposed use of the customer charge as the minimum charge for the residential and general service nondemand rate schedules, the Utility is now assured of recovering customer-related costs on a per customer basis, and recovering energy-related costs on an energy basis. In addition, customers will now be billed for each KWH actually used during the monthly billing period.

In addition, the previous rate schedule minimum charge for the general service demand rate class was not reflective of the costs actually incurred. The general service demand rate class was assessed a minimum charge of the demand charge multiplied by the maximum demand in the preceding twelve months, which was a 100 per cent ratchet. Mount Dora has proposed a minimum charge for the general service demand class which consists of the customer charge plus the demand charge multiplied by the billing demand which shall not be less than 51 KW, the minimum service level a customer must meet in order to be classified as a general service demand class member. We find that the elimination of the 100 per cent ratchet is appropriate because it ignored the diversity of customers' peak loads. For example, some customers may usually be at their maximum demand during system peak hours, whereas other customers may attain their maximum loads infrequently during system peak hours. Under the previous minimum charge, both types of customers would pay demand charges based on their maximum demand, whenever it occurred. The previous assessment ignored the fact that there is an increased probability, when a customer is more frequently at maximum demand, that the maximum demand will be coincident with the monthly system peak hour by which Mount Dora's wholesale supplier bills its demand charge. It should be noted that demand ratchets of nongenerating utilities can serve to provide appropriate price signals, if they are based on demands set during the monthly system peak hours; however, Mount Dora did not have this structure. This Commission approves Mount Dora's proposed change for the calculation of the minimum charge for general service demand class members.

We find that after reviewing the cost of service study for Mount Dora, and comparing Mount Dora's present and proposed rates with the rates of Florida Power Corporation (FPC), the investor-owned utility whose territory adjoins Mount Dora's, the relationship of the proposed rates or revenue responsibilities for the three classes appears to be appropriate. The rates for each of the classes have been set at a level to recover 100 percent of the class' revenue responsibility, as determined in the cost of service study. The general service nondemand rates were set equal to the residential rates. These rates are consistent with FPC's cost of service study and load research data, which shows that with respect to energy-related and demand-related costs, it is cheaper to serve

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the general service nondemand class than the residential service class.

In order to further evaluate the relationship between general service demand class rates and the rates of the residential and general service nondemand classes, staff calculated bills for typical Mount Dora and FPC residential and general service demand customers. The typical bill for the residential class is for 1000 KWH; the typical bill for general service demand class is calculated for a demand of 75 KW and a usage of 26,000 KWH. In order to calculate a KWH charge for these typical customers, the total bills were divided by KWH usage. Before the change in rates, Mount Dora's typical general service demand customers' per KWH billed was \$.07515, or 92 percent of Mount Dora's residential billed charge of \$.08150. With the proposed decrease, the general service demand customers per KWH billed charge will be 76 per cent of the residential charge. Currently the billed charge per KWH of \$.05389 for FPC's typical general service demand customers is 75 percent of its billed charge of \$.07152 for the typical residential customer. We find that the proposed relationship between the revenue responsibility of the three classes appears to be cost based and equitable. Accordingly, we approve the proposed decreases in rates for Mount Dora's residential, general service nondemand, and demand classes.

Also, Mount Dora proposed a decrease in the demand charge of the general service demand rate schedule from \$9.00 to \$4.94. Because the existing demand charge is significantly higher than the demand unit cost for investor-owned utilities, we find that the reduction appears to be reasonable. Therefore, we approve this decrease in the demand charge.

Under the existing rates, public street and highway lights were billed for only their KWH usage; there was no charge for either the fixture or its maintenance. Mount Dora implemented separate energy and fixture charges for street and highway lights. The private area lighting rate schedule states an \$8.00 charge per light and it is not available to new installations. The charges for these lights recover 100 per cent of the class allocated cost or revenue responsibility. The total charges for the street and highway mercury vapor and high pressure sodium vapor lights are, respectively, 13 and 4 per cent higher than FPC's total charge for the same lights. We find that the charges for these various lights appear to be reasonable. Accordingly, we approve Mount Dora's addition of public street and highway and private lighting rate schedules.

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Finally, if no protest, motion for reconsideration, or notice of appeal is timely filed, we find that this docket shall be closed.

It is, therefore,

ORDERED by the Florida Public Service Commission that City of Mount Dora is hereby authorized to charge its residential and general service customers the monthly "customer charge" reflected in the body of this Order. It is further

ORDERED by the Florida Public Service Commission that the City of Mount Dora is hereby authorized to decrease its rates for certain rate classes as reflected in the body of this Order. It is further

ORDERED by the Florida Public Service Commission that the City of Mount Dora is hereby authorized to decrease the demand charge for the general service demand class as reflected in the body of this Order. It is further

ORDERED by the Florida Public Service Commission that the City of Mount Dora is hereby authorized to add rate schedules for public street and highway and private outside lights as reflected in the body of this Order. It is further

ORDERED by the Florida Public Service Commission that if no protest, motion for reconsideration, or notice of appeal is timely filed, this docket shall be closed.

BY ORDER of the Florida Public Service Commission, this 14th
day of FEBRUARY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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 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 March 7, 1991

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 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 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.