

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Revised)	DOCKET NO. 910601-EI
Tariff sheet for rate schedule GSDT)	
(General Service Demand-Time-of-Use)	ORDER NO. 24793
Conservation (optional schedule)))	
by Gulf Power Company.)	ISSUED: 7/10/91
)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL MCK. WILSON

ORDER APPROVING REVISED TARIFF

BY THE COMMISSION:

On May 17, 1991, Gulf Power Company (Gulf) filed a petition to revise the rate charges for its GSDT (General Service Demand Time-of-Use Conservation) rate schedule. The rate charges were established in Docket 891345-EI, Gulf's recent rate case. Gulf's GSD (General Service Demand) and GSDT rate schedules are applicable to commercial, industrial, or institutional customers whose highest measured demand in the last twelve months is between 20 KW and 499 KW. The GSDT rate schedule offers optional time-of-use charges.

Gulf has requested the revision to the GSDT rate schedule to correct what it describes as an "anomaly" in the relationship between the GSD and GSDT rate schedules. Gulf states that;

[T]he purpose and intent behind the time-of-use option is to provide an appropriate price signal to encourage customers to cause their peak demand usage to occur during the Company's off-peak periods in order to more efficiently utilize existing generating facilities and minimize the need for the Company to secure additional peak period generating capacity. (Petition, p. 2)

Since the new GSD and GSDT rates became effective in September 1990, Gulf has discovered that the relationship between the charges of the two rate schedules delivers a price signal to general service demand customers that defeats the purpose and intent of time-of-use rates. The problem is that the present GSDT energy charge is roughly one-third the amount of the GSD energy charge.

DOCUMENT NUMBER-DATE

06932 JUL 10 1991

PSC-RECORDS/REPORTING

ORDER NO. 24793
DOCKET NO. 910601-EI
PAGE 2

As a result, all GSD customers whose load factor is above 47% receive a lower bill on GSDT than GSD. The problem, the company claims, has caused a deterioration in GSD-GSDT revenues to the "ultimate detriment of the Company's general body of ratepayers."

We have previously found that time-of-use rates should encourage customers to change their load patterns in a manner which may reduce the company's peak capacity requirements. We have also found that time-of-use rates should be as cost-based as practical, and should be designed so that customers whose usage patterns are more off-peak than the class average will benefit correspondingly from the time-of-use rates.

It appears that under the present rate design, Gulf's higher load factor GSD customers receive lower bills on GSDT when they are not more off-peak than average. Since the present rates became effective in September, 1990, 45 customers have shifted from the GSD rate schedule to the GSDT schedule, and another 58 customers have requested a transfer to GSDT when time-of-use meters are available. The estimated annual reduction in revenues for these 103 customers after transfer is approximately \$363,000. Gulf estimates that the 103 GSD customers that have either transferred to GSDT or requested transfer are only approximately 17% of the total number of GSD customers who could receive lower bills on GSDT. Greater revenue erosion would occur if the remaining 83% of Gulf's GSD customers transferred to GSDT.

Gulf's proposed revised GSDT tariff raises the GSDT energy charge from \$.00445 to \$.01289, the level of the GSD energy charge, and it lowers the GSDT on-peak demand charge from \$4.97 per on-peak KW to \$2.43. The maximum demand charge would remain at \$2.15. The proposed tariff is identical to the present tariff except for the energy and on-peak demand charge.

We approve the proposed revisions to Gulf's GSDT rate schedule. The revisions should correct, or greatly reduce, the current problem in the relationship between the GSD and GSDT rate charges. The revisions should ensure that higher load factor customers will no longer automatically receive lower bills on GSDT regardless of their usage pattern.

It is therefore

ORDERED by the Florida Public Service Commission that Gulf Power Company's revised tariff sheet for rate schedule GSDT (General Service Demand-Time-of-Use Conservation - optional schedule) is approved. It is further

ORDER NO. 24793
DOCKET NO. 910601-EI
PAGE 3

ORDERED that the effective date of the revised rate schedule will be July 25, 1991. It is further

ORDERED that this docket shall be closed if no protest or notice of appeal is timely filed.

By ORDER of the Florida Public Service Commission, this 10th day of JULY, 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 July 31, 1991

ORDER NO. 24793
DOCKET NO. 910601-EI
PAGE 4

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.