

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Complaint Against Quincy ) DOCKET NO. 910836-EM  
Municipal Electric System by the ) ORDER NO. PSC-93-0287-FOF-EM  
Floridin Company regarding rate ) ISSUED: 02/23/93  
Structure. )  
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The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
THOMAS M. BEARD  
SUSAN F. CLARK  
JULIA J. JOHNSON  
LUIS J. LAUREDO

ORDER APPROVING TARIFF

BY THE COMMISSION:

On August 6, 1991, the Floridin Company (Floridin) filed a complaint against the City of Quincy (Quincy or the city). Floridin takes service from Quincy's municipal electric utility under the General Service Demand (GSDS) rate schedule. In its complaint, Floridin argued that the "rate structure of the City of Quincy is not fair, just and reasonable as required by Section 25-9.052, Florida Administrative Code, insofar as the GSDS (GSDS) rate class is disproportionately high relative to the RS rate class." To remedy this situation, Floridan requested the Commission prescribe a rate structure for Quincy that is fair, just, and reasonable.

At the September 24, 1991, Agenda Conference, the Commission voted to issue Quincy a comment letter concerning its rate structure. The city responded to this comment letter on December 3, 1991, along with filing a set of revised rates to be effective for billings on or after February 3, 1992. In its response, Quincy stated that these revised rates were to be the first of a two-step increase to its rates. The city voted to implement the second-step by February 1993. By Order No. 25645, issued January 27, 1992, the Commission approved the first-step increase. In addition, the Commission ordered Quincy to seek approval for the second-step revision before it became effective in February 1993. On January 6, 1993, Quincy submitted the rate schedules for its second-step increase.

The filing for the second-step increase included a comparison of Quincy's typical bills for its residential (RS), general demand (GS), and general service demand (GSD) rate classes to those of Florida Power Corporation (FPC) for the twelve months ending November 1992. Floridan takes service under the GSD rate. The average bill for the RS class was 896 KWH and for the GS class was 3,734 KWH. The average bill for the GSD class was calculated for

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a demand of 325 KW and usage of 120,583 KWH. Floridin's typical bill is for 5,214 KW and 1,854,760 KWH. The bills did not include county or state sales tax, nor in the case of bills calculated on Quincy's rates, an adjustment for power factor. The city calculated the typical bills using the average fuel (purchased power) cost for Quincy for February through November of 1992 and the fuel and capacity cost for October 1992 through April 1993 for FPC. We calculated the typical bills using the November fuel cost for Quincy and the October through April fuel and capacity cost for FPC. To calculate a per KWH charge for the bills, the total bills were divided by KWH usage. The result of our calculations and the ratio of Quincy's charges to FPC's are shown below.

CHARGE PER KWH FOR TYPICAL BILLS FOR VARIOUS RATE CLASSES  
FOR CITY OF QUINCY AND FLORIDA POWER CORPORATION  
AT PRESENT AND PROPOSED RATES

<u>Rate Class</u>	<u>City of Quincy</u>	<u>Florida Power</u>	<u>Ratio of Quincy's Charges to FPC's</u>
<u>Present Rates</u>			
RS	\$.07548	\$.07306	1.03
GS	.07542	.06589	1.14
GSD	.06281	.04943	1.27
GSLD	.06127	.04851	1.26
<u>Proposed Rates</u>			
RS	.07972	.07306	1.09
GS	.07859	.06589	1.19
GSD	.05983	.04943	1.21
GSLD	.05831	.04851	1.20

The ratio of Quincy's and FPC's per KWH charge using the utilities' current rates ranges from 1.03 for RS to 1.27 for GSD. The implementation of the proposed rates would reduce the range to 1.09 for RS and to 1.21 for GSD. Using the average fuel and capacity cost over a ten-month period for Quincy and the November-April fuel cost for FPC, Quincy calculated the range of ratios for its proposed rates to be 1.05 to 1.15. In those months when Quincy receives considerable hydro-generated electric power from the Southeastern Electric Power Administration (SEPA), the ratios are

apparently within ten percent. Quincy's analysis indicates that if the ratios are based on average fuel and capacity costs for a twelve-month period, the proposed rates are also probably within the ten percent range. Because we have used our current methodology of allocating investor-owned utilities' capacity costs recovered in the fuel clause for only the current six-months, we could not use this methodology to compare Quincy and FPC's rates.

We believe that a municipal or cooperative utility's rate structure is reasonable if the typical bill ratios of KWH charges for the utility and the appropriate investor-owned utility fall within a range of approximately ten percent. Because the ratios for Quincy are approximately within this ten percent range, we approve Quincy's second step adjustment to its rates, which will be effective on March 1, 1993. These new rates increase typical RS bills by 5.6 percent and GS bills by 4.2 percent. The typical bills for GSD and Floridin will decrease by 4.8 percent.

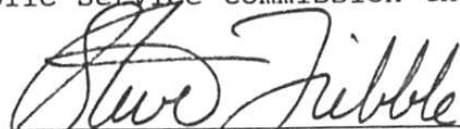
If a timely protest is filed, this tariff shall remain in effect pending resolution of the protest. If no timely protest is filed, this docket shall be closed.

It is, therefore,

ORDERED by the Florida Public Service Commission that the second-step increase to the electric rates of the City of Quincy as discussed in the body of this order are hereby approved. It is further

ORDERED that this order shall become final and the docket shall be closed unless an appropriate petition for a formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0970, 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 23rd day of February, 1993.



STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )  
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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 16, 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.