

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed changes to) DOCKET NO. 911020-EC
Withlacoochee River Electric) ORDER NO. PSC-93-1673-FOF-EC
Cooperative's rate schedules.) ISSUED: 11/17/93
_____)

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING WITHLACOOCHEE RIVER ELECTRIC
COOPERATIVE'S RATE SCHEDULES

BY THE COMMISSION:

CASE BACKGROUND

On February 17, 1988, Withlacoochee River Electric Cooperative (Withlacoochee) filed with this Commission revised tariff sheets proposing a 0.5 cents per KWH reduction for Residential Service (RS), General Service Nondemand (GS), and Irrigation Service (IS) classes, three of Withlacoochee's six rate classes, that resulted in a rate structure that appeared to be more discriminatory for several classes. In response to a comment letter from the Commission expressing our concern over the absence of parity in the proposed rates, Withlacoochee offered a goal of adjusting rates for the RS and GS classes so as to bring both classes within ten percent of parity, or the system rate of return, within five years. The Commission accepted Withlacoochee's five-year schedule for achieving the parity goal. (Order No. 20452 issued December 14, 1988 in Docket No. 880632-EI) The five-year period ended October 1993, without Withlacoochee achieving the agreed to goal.

RECENT FILING

Withlacoochee has not satisfied its commitment to comply with Order No. 20452. The tariffs under consideration increased the RS class's revenue responsibility by 9.3 percent and the AL class's revenue responsibility by 4.6 percent and were effective on January 1, 1993.

At the agenda conference on February 2, 1993, the Commission voted to issue Withlacoochee another comment letter asking it to justify why it had not proposed rates that would result in all classes being within ten percent of parity. Withlacoochee was also asked to justify the 12 month CP load factors used in deriving the

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12 CP allocator of purchased power capacity charges and the assumptions in deriving the 12 CP allocator that the AL lights were on during two of the twelve monthly Seminole system peak hours.

Withlacoochee responded with the following four reasons why its proposed rates did not bring all classes within ten percent of parity. (1) Anticipated cost increases did not occur during the agreed upon five-year time frame to provide Withlacoochee with sufficient appropriate opportunities for achieving the parity goal through a process of gradualism. (2) The revenue increases proposed for the RS and AL classes are as large a rate increase as they can reasonably be expected to accept at this time. (3) Withlacoochee's inability to reach full compliance with the approach used by the revision, while not achieving parity, is consistent with the approach used by the regulated investor-owned utilities. (4) The Commission staff's concern regarding rate parity has seemingly overshadowed all other relevant parameters; the other relevant factors should be given thoughtful consideration.

At the October 19, 1993, agenda conference our Staff recommended that the Commission hold a hearing on Withlacoochee's failure to fulfill its commitment for all classes to be within ten percent of parity by October 1993. Withlacoochee suggested that they be given until January 1, 1996, in which to comply with the parity agreement. After considering the arguments presented by Withlacoochee and the recommendation of our Staff we found it appropriate to proffer to Withlacoochee a compromise of until January 1, 1995, in which to establish all classes within ten percent of parity and deferred final disposition until the November 9, 1993, agenda conference.

On November 3, 1993, Withlacoochee responded with its acceptance of the January 1, 1995 date in which to have all class rates of return within ten percent of parity with the following language to be included in the Commission Order:

Withlacoochee will bring all class rates of return within ten percent of parity by January 1, 1995, based on the rates of return from the 1992 study as adjusted by Staff or recalculated by WREC using the 12 CP load factor of 67.0% for the GSD/LP classes from WREC's 1989 study instead of the 61.9% 12 CP load factor from the 1992 study without any

weighing and assuming the AL class contributes to only one of the Seminole system peak (12 CP) hours. The foregoing will obviate any need to incur the expense of a new cost of service study for the rate structure changes due January 1, 1995. WREC will file the rate structure changes necessary to accomplish the ten percent of parity goal by October 1, 1994, to be effective no later than January 1, 1995.

We find it appropriate to approve Withlacoochee River Electric Cooperative's tariff filing predicated upon the assurance that the it will establish ten percent of parity for all classes by January 1, 1995, as further described in the body of this Order.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that Withlacoochee River Electric Cooperative's proposed tariff provisions as discussed in the body of this Order filed August 4, 1992, are approved. It is further,

ORDERED that this docket shall remain open for the purpose of receiving further filings from Withlacoochee River Electric Cooperative consistent with its agreement embodied in this Order.

By ORDER of the Florida Public Service Commission, this 17th day of November, 1993.

STEVE TRIBBLE, Director
Division of Records and Reporting

by: Kay Heppner
Chief, Bureau of Records

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MRC:bmi