

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Modify) DOCKET NO. 951496-EC
Residential Rate Schedule by) ORDER NO. PSC-95-1610-FOF-EC
Clay Electric Cooperative, Inc.) ISSUED: December 29, 1995
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING TARIFF MODIFICATION

BY THE COMMISSION:

On October 18, 1995, Clay Electric Cooperative (Clay) filed a request for approval to reduce the per kWh energy charge by \$0.0021 for the first 1000 kWh used by customers in its Residential (RS) Service Class. The rate has been approved by the Clay Electric Cooperative Board of Directors and will become effective on January 1, 1996. Clay is, nevertheless, subject to our rate structure jurisdiction pursuant to Section 366.04(2)(b), Florida Statutes. Under this authority, we review the cooperative utilities' tariff filings to insure that no rate structure inequities exist between the customer classes.

In reviewing Clay's proposed modification, we became concerned that the reduction in the RS rate would deteriorate the existing structural relationship between the commercial and residential rate classes. In the absence of a recent cost of service study by Clay, we compared Clay's various rate classes with those of the investor-owned utilities (IOU). We used load research data from the IOU's in determining that the ratio of General Service (GS) to RS rates should be close to 1.00. Under the current Clay tariff the ratio is, in fact, 1.00. Under the proposed residential rates, however, RS customers will pay less per Kwh than GS customers, resulting in a 1.02 ratio.

Clay asserts that revenue constraints prevent them from lowering both residential and commercial rates at the same time. Like many rural cooperative electric utilities, Clay's customer base is roughly 90% residential. The proposed 2.6 percent reduction to RS rates results in a revenue reduction of \$1.9 million. If commercial rates were lowered simultaneously, Clay

DOCUMENT NUMBER-DATE

13099 DEC 29 85

FPSC-RECORDS/REPORTING

ORDER NO. PSC-95-1610-FOF-EC
DOCKET NO. 951496-EC
PAGE 2

would require an additional \$1.2 million in revenues in order to retain its existing rate structure.

Clay has expressed a strong desire to lower all of its rates to a more competitive level. Towards that end, Clay has agreed to lower its commercial rates by \$1.2 million over the next three years. This proposal is reasonable.

We, therefore, approve Clay's tariff modification based Clay's assurance that it will file revised commercial rate charges in the context of an overall rate restructuring before January 1, 1999.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that Clay Electric Cooperative, Inc.'s, proposed modification to its residential rate schedule is approved, effective January 1, 1996. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff modification shall remain in effect, with any increase in revenue held subject to refund, pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 29th day of December, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

(S E A L)

BC

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 19, 1996.

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.