

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request to add lump sum
payment option to facilities
rental provision and facilities
rental agreement by Florida
Power & Light Company.

DOCKET NO. 971216-EI
ORDER NO. PSC-97-1507-FOF-EI
ISSUED: November 25, 1997

The following Commissioners participated in the disposition of
this matter:

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

ORDER APPROVING LUMP SUM PAYMENT OPTION

On August 20, 1997, Florida Power & Light (FPL) submitted a
petition to add a lump sum payment option to its Facilities Rental
Provision and Facilities Rental Agreement tariffs, tariff sheet
nos. 9.750, 9.751, and 10.010. FPL's proposition sought to add a
one-time payment option for rental facilities in conjunction with
its current monthly rental fee.

FPL indicated that several of its commercial/industrial
customers who rent additional facilities from the utility have
requested the option to pay for rentals in one lump sum as opposed
to paying a monthly rental payment. In response to these requests,
FPL filed a petition to modify its rental facilities tariff sheet
nos. 9.750, 9.751, and 10.010, to allow for a lump sum payment
option. Discussions between staff and FPL on the proposed tariff
changes raised some questions on the impact of the option on other
ratepayers. Staff's primary concern was that the lump sum payments
be revenue neutral with FP&L's present payment arrangement so as
not to disadvantage customers who preferred to continue the monthly
payment option. We suspended the tariff at the October 7, 1997
Agenda Conference to allow staff and the company to work out
differences in interpretation on the calculation of the lump sum
payment. Agreement on the appropriate method of calculation has
been reached.

Currently, FP&L's tariff allows a customer to rent equipment
such as transformers and meters which exceed what the utility

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determines is necessary to provide standard service in accordance with its tariff. For example, a customer may request an additional transformer to protect sensitive equipment, or a special meter that provides information for the use of the customer's internal energy management system. Customers commit to a five year agreement for the use of such facilities and are billed monthly according to a formula stated in the tariff. The monthly charge is based on one-twelfth of the annual fixed percentage of 30% times the installed cost of the facilities requested by the customer. The 30% is comprised of FP&L's cost of capital, adjusted for taxes at the time of its last rate case (19.46% in 1983), plus adders for depreciation and maintenance.

The proposed changes will provide an option for the customer to pay FP&L a one-time payment for the life of the facilities. The customer is still required to sign a five year renewable contract for the use of the facilities as long as they intend on retaining them. In addition to the lump sum payment, the customer will pay FP&L for maintenance of the facilities. The maintenance charge will be paid on a monthly basis or every five years, commensurate with the rental contract. The maintenance charge will be based on trouble call data for the type of installed equipment.

FP&L will maintain the rental equipment under both payment options. In the event the rental equipment must be replaced due to mechanical and/or electrical failure, the in-place value will be increased by the installed cost of the replacement facilities and reduced by the previously established in-place value of the original equipment. This provision is currently applicable and will not change.

FP&L has agreed to determine the lump sum payment by calculating the present value of the revenue requirement of the installed cost of facilities. The revenue requirement will be determined based on FP&L's cost of capital adjusted for taxes, established in its last rate case and the average length of time customers rent facilities. FP&L has determined that the average length of time customers are renting facilities is 14 years, 4 months. Staff believes it is necessary to use the cost of capital adjusted for taxes which is included in the 30% fixed percentage and currently used to calculate the monthly facilities charge. By using this amount and the average length of time customers rent facilities to determine the one-time rental payment, FP&L will receive the same amount of revenues that it would have collected by billing monthly payments. The proposed changes are intended to

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provide a convenient option to FP&L's customers, as such, it would be inappropriate to change the amount of revenue collected. Because the revenue received by FP&L will be the same under both payment options, there will be no significant impact to its general body of ratepayers. We approve of the addition of the lump sum payment option will not create any undue burden on FP&L's general body of ratepayers and it provides a desired alternative. The proposed changes should become effective November 4, 1997.

It is therefore

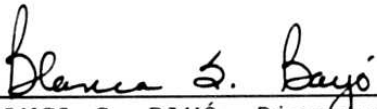
ORDERED that Florida Power and Light Company's proposed lump sum payment option described above is approved. It is further

ORDERED that the proposed lump sum payment option is effective November 4, 1997. It is further

ORDERED that if a protest is filed in accordance with the requirement set forth below, the tariff shall remain in effect with any increase in revenues 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 25th day of November, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

GAJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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 December 16, 1997.

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.