

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Complaint by Coastal ) DOCKET NO. 921128-EC  
Lumber Company against Talquin ) ORDER NO. PSC-93-1784-AS-EC  
Electric Cooperative, Inc. ) ISSUED: December 13, 1993  
regarding rate structure. )  
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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 SETTLEMENT AGREEMENT  
AND TARIFF FILING

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On November 2, 1992, Coastal Lumber Company (Coastal) filed a complaint against Talquin Electric Cooperative, Inc. (Talquin or the cooperative), which alleged that Talquin's rate structure was not fair, just, and reasonable. At the January 19, 1993, agenda conference, we voted to issue Talquin a comment letter requesting that Talquin either show its rate structure to be fair, just, and reasonable, or that it redesign rate charges to significantly improve the relationship between rate classes. Talquin responded to the comment letter after a one-month extension stating that it believed its rate structure was justified because the Commission approved the rate structure presently in place and because Talquin's revenue requirements have not warranted a rate change. Nevertheless, Talquin stated that since it received the Commission's comment letter it began preparing for and performing a cost of service study based on a 1992 test year. Talquin asked for an additional extension of time to complete the cost of service study based on information from year-end 1992 and to file proposed rates addressing the rate relationships among rate classes.

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On May 4, 1993, Coastal filed a reply to Talquin's response and a motion to expedite the proceeding and to hold \$17,000 of revenues a month subject to refund, beginning in May 1993. We denied this motion because we found that Talquin's time frame was reasonable and because it appeared that Talquin had acted in good faith.

On July 29, 1993, Talquin filed proposed rate schedules and a cost of service study in support of its proposed rate schedules. On September 13, 1993, Talquin filed a revised cost of service study that corrected a significant error in a spread sheet calculation along with revised proposed rates. At the October 12, 1993, agenda conference, we declined to approve Talquin's revised proposed rates and set the matter for hearing. In addition, the parties were encouraged to reach an agreement that would eliminate the need for further litigation.

On November 2, 1993, Talquin and Coastal filed an agreement and joint motion to approve revised rate schedules and the underlying rate structure. Pursuant to paragraph 6 of the agreement, the agreement was made contingent on the Commission issuing an order that "specifically finds that the rate structure underlying the tariffs attached as Exhibit 'A' [to the agreement] is fair, just, reasonable and nondiscriminatory in light of the factors listed in Rule 25-9.052(4), Florida Administrative Code." Pursuant to Rule 25-9.052(4), the factors the Commission may consider are

the cost of providing service to each customer class, as well as the rate history, value of service and experience of the utility, the consumption and load characteristics of the various classes of customers[,] . . . the public acceptance of rate structures[,] . . . . simplicity, freedom from controversy, rate stability, fairness in apportioning costs, avoidance of undue discrimination and encouragement of efficiency.

At the November 23, 1993, agenda conference, at which we considered the proposed agreement between Talquin and Coastal, the parties amended the agreement by striking the "non-discriminatory" requirement from paragraph 6.

We have concerns about parity because Talquin's cost of service study illustrated that the utility's rate structure does not achieve parity. We are comforted by the fact that the company

is taking steps to get to the right place. Counsel for Talquin addressed our concerns about parity at the November 23, 1993, agenda conference:

I think we have made significant progress toward parity . . . . [W]e think we are at the level where all of these other things being considered give us a fair, just and reasonable tariff at this time . . . . Time will be the problem that we will face.

(November 23, 1993, Agenda Conference transcript, page 27. Emphasis supplied.)

We will continue to look at whether or not Talquin's rates are discriminatory, particularly in the future if other rates are filed. Parity is a significant issue when we are looking at the issue of discrimination. Notwithstanding the issue of parity, we cannot conclude that at this time the utility's rates are not fair, just, and reasonable. Because the proposed rates make a substantial improvement to Talquin's existing rate structure, we find the proposed rates to be fair, just, and reasonable. Accordingly, the agreement as amended and the proposed rate schedules attached to the agreement as Exhibit "A" are hereby approved. Because the agreement resolves Coastal's complaint, the hearing scheduled in this docket shall be cancelled.

It is, therefore,

ORDERED by the Florida Public Service Commission that the agreement as amended, as discussed above, filed by Talquin Electric Cooperative, Inc. and Coastal Lumber Company is hereby approved. It is further

ORDERED that the proposed rate schedules attached as Exhibit "A" to the agreement filed by Talquin Electric Cooperative, Inc. and Coastal Lumber Company are hereby approved. It is further

ORDERED that the hearing scheduled for this docket is hereby cancelled. It is further

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ORDERED that this Order shall become final and the docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 east Gaines Street, Tallahassee, Florida 32399-0870, 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 13th day of December, 1993.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )  
MAH/MAP:bmi

by: Kay Flynn  
Chief, Bureau of Records

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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), 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 January 3, 1994.

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In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 and effective 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 effective date of this order, 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.