

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of) DOCKET NO. 930968-EI
municipal Underground Capital) ORDER NO. PSC-94-0053-FOF-EI
Cost Recovery Tariffs by Florida) ISSUED: January 14, 1994
Power Corporation)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER APPROVING TARIFFS

BY THE COMMISSION:

On September 30, 1993, Florida Power Corporation (FPC) petitioned the Commission for approval of tariffs that provide for recovery of facility charges incurred by franchised municipalities to convert electric distribution facilities from overhead to underground. At our November 23, 1993 agenda, we suspended the proposed tariffs to allow the company to consider certain clarifications to the tariff language and to provide additional information regarding the costs of administering the tariffs.

The purpose of the tariffs is to provide an optional procedure for the recovery of underground conversion costs from customers within the municipality on whose behalf the conversion was made. While several options are available to municipalities to raise funds, such as increased local taxation or increased franchise fees, municipalities were reluctant to use them. In response to requests from municipalities in its service area, FPC has developed a new method for municipalities to recover underground conversion capital costs.

The underground capital cost recovery procedure is available to franchised municipalities within FPC's service territory. The municipality must contract with FPC, pursuant to tariff Section 12.05, to convert overhead distribution facilities within its boundaries to underground. The municipality will be responsible for securing whatever financing is necessary to pay for the contracted conversion costs. The proposed recovery procedure contains two main components; an Annual Recovery Amount and a Municipal Underground Fee. The Annual Recovery Amount establishes the maximum annual amount a municipality is eligible to receive

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from FPC under the tariff. The Municipal Underground Fee is a percentage of customers' total electric charges which has been calculated to produce the Annual Recovery Amount. The Municipal Underground Fee would be billed by FPC to electric customers located in an Underground Assessment Area as defined by the municipality. The method operates similar to a franchise fee, in that only customers in a specified geographical territory will be assessed the underground fee. FPC would, in turn, remit to the municipality the Municipal Underground Fee amounts collected from customers.

We suspended the proposed tariffs, for two main reasons. First, we were concerned about the potential lack of notification to electric customers located in the Underground Assessment Areas designated by the municipality. According to the company, non-payment of the municipal underground fee by an electric customer would result in the disconnection of electrical service. If an electric customer is required to pay this fee, the customer should be notified in advance and allowed to submit comments regarding the municipality's intention to include them in an Underground Assessment Area.

Second, we were concerned about the cost to the company to implement the administration of the billing, collection and disbursement of the underground fee to the municipality. We do not believe it is appropriate for FPC's general body of ratepayers to subsidize the costs of a procedure designed to benefit specific municipalities.

On December 6, 1993, FPC filed an amended petition and an amended tariff that addressed our concerns. Section 12.06(4) was added to provide a mechanism for customer notification. This section requires the municipality to notify electric customers of a pending underground capital cost recovery contract and to provide customers with estimated charges and an opportunity for the customer to submit comments to the municipality.

FPC also amended Section 12.06(2)(a) to include in the calculation of the Annual Recovery Amount the cost to the company for its start-up programming costs required to bill electric customers for the underground fee. The company estimates these costs will be less than \$20 per month. We do not believe that this cost is significant enough to be detrimental to FPC's general body of ratepayers.

We approve the amended tariffs, effective January 20, 1994. We believe that they will provide a reasonable way for the company to facilitate a municipality's ability to finance the cost of

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providing underground service to customers within their boundaries.
It is therefore,

ORDERED that Florida Power Corporation's Municipal Underground Capital Cost Recovery Tariffs, as amended, are approved. It is further

ORDERED that the tariffs will be effective January 20, 1994.
It is further

ORDERED that this docket should be automatically closed if no person whose substantial interests are affected by the action proposed files a timely petition for a formal proceeding. If a protest is timely filed the tariff shall remain in effect pending resolution of the protest.

By ORDER of the Florida Public Service Commission, this 14th day of January, 1994.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.

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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 February 4, 1994.

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.