

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for waiver ) DOCKET NO. 941028-EI  
of certain requirements of Rule ) ORDER NO. PSC-94-1501-FOF-EI  
25-6.0437(3), F.A.C., regarding ) ISSUED: December 7, 1994  
General Service Non-Demand Rate )  
Class, by FLORIDA POWER AND )  
LIGHT COMPANY. )  
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The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING RULE WAIVER

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 substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Rule 25-6.0437, Florida Administrative Code, was instituted to ensure that cost of service study estimates for peak hour demands had a minimum level of precision or reliability. Pursuant to this rule, once the initial sampling plan has been approved, Florida's four major investor-owned utilities are required to file revised sampling plans at least every two years. The sample for each rate class should be designed to provide estimates of the summer and winter peak hour demands, and the average of the 12 monthly coincident peak hour demands, within plus or minus 10 percent at the 90 percent confidence level. The rule further provides that a utility may apply for a waiver of these requirements for any specific rate class.

On August 25 1994, Florida Power and Light Company, filed its fifth sampling plan along with an application for a waiver for its General Service Non-Demand (GS) rate class. FPL requested that it be allowed to design a sample of the GS rate class that would yield

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a winter peak hour estimate within plus or minus 15 percent, rather than the required 10 percent, at the 90 percent confidence level. The company estimated that increasing the sample size to achieve the required 10 percent relative precision would necessitate 314 more sample points (meters) than the current sample of 456 points and 409 more points than the proposed sample of 361 points.

The company's revised estimate of the increase in current metering expenses for the GS sample size required by the rule is \$390,000. The company has assumed that the metering expense for each sample point is about \$1,242. The one million dollar estimate of the increase in metering expenses in the petition related to the waiver for the GS class has been revised by the company to \$508,000. This estimate is based on the proposed level of metering expenses for 361 sample points and assumes that all of the 409 sample points would require new meters even though the precision level set forth in Rule 25-6.0437 would require an increase of only 314 meters above the current number of meters for the GS class sample.

A load research waiver for a rate class should be granted with respect to a particular season's single peak only when the peak hour for that class does not occur in that season. The intent of this condition is to ensure that the class peak estimate, which is used to develop the allocation factor for distribution plant, is precise enough to meet the requirements of Rule 25.60437. In addition, at the time of the waiver application the Commission should not be using a cost of service methodology for any utility that allocates production plant on a single peak hour. The intent of this second condition is to ensure that demand estimates, which are used to develop allocation factors for production plant, can be expected to be as precise as required by the rule. At the time of Florida Power and Light's filing, both of these conditions were met. Accordingly, we approve FPL's request for a waiver for its proposed sampling plan for the general service non-demand class for the winter peak hour.

We also approve FPL's supplemental petition filed on October 31, 1994 for a waiver of the two-year sample replacement cycle for all rate classes contemplated by Rule 25-6.0437, Florida Administrative Code and the proposed sampling plan.

The supplemental petition requests a waiver of the two-year cycle for replacing the class load research samples so that a three-year cycle can be implemented. Under FPL's sampling plan, the company will install the new samples for its general service nondemand and demand classes during 1995 and the new sample for its

residential class in 1996 instead of in 1994. Historically, all utilities subject to Rule 25-6.0437 have installed their new samples in even-numbered years and collected the data in odd years.

FPL states in its October petition that it is making the supplemental filing in deference to staff's position that paragraphs 6 and 7 of the aforementioned rule require an update of every aspect of the study every two years. Paragraphs (6) and (7) of Rule 25-6.0437 require that each utility subject to the rule shall submit a current, revised sampling plan no less than every two years after the initial sampling plan is approved, and each utility shall perform a complete load research study in accordance with the specifications of this rule by December 31, 1985 and no less often than every two years thereafter. Any new or revised plan shall be developed using data from the utility's most current load research to determine the sampling plan needed to achieve the precision required by Section 3 of Rule 25-6.0437.

Rule 25-6.0437 requires the utilities to submit a current, revised sampling plan and to perform a complete study no less often than every two years. The intent of Rule 25-6.0437 is to require a two-year cycle for replacement of load research samples. Clearly, the utilities subject to the Rule have always acted on that presumption since the implementation of the Rule in 1984. If the intention of the Rule is not for the load research samples to be replaced every two years, the Rule would not require the revised sampling plans to be submitted at least every two years because some of the plans would never be used, it would only require the sampling plans to be filed as frequently as the utility replaces each class's load research sample to avoid unnecessary work on the part of the utility and our staff.

FPL has estimated that the use of a three-year sample replacement cycle would save approximately \$300,000 over a six-year period by eliminating the installation and removal of 1000 meters during that time period. In addition to the estimated savings, FPL asserts the one-year extension in the cycle is needed to facilitate the stability of its rate classes, its continuous collection of load research data, and its replacement of invalid samples. We are concerned about the effect of the recent and future migration of larger general service demand customers to nonfirm rate classes and to Real Time Pricing (RTP) on rate class stability and the representativeness of general service demand class samples. Therefore, we approve the waiver to extend the cycle to three years for the 1994 sampling plan. However, migration out of the general service demand classes should be reviewed when FPL's 1996 sampling plan is submitted. Also, FPL should not select its actual sample points for the general service demand classes until as late in 1995

as possible so that most of the migration to RTP would have occurred. Thereby, reducing the effect of the migration on the representativeness of the general service demand class samples.

Upon consideration, it appears that FPL should meet the requirements of Rule 25.60437 with the exception of the winter peak hour for the GS class and the replacement cycle for the load research samples. Accordingly, Florida Power and Lights' sampling plan is approved.

Based on the foregoing, it is, therefore,

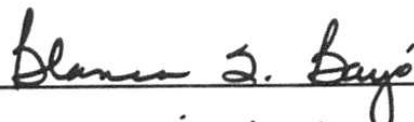
ORDERED by the Florida Public Service Commission that Florida Power and Light Company's request for a waiver of Rule 25-6.0437, Florida Administrative Code, to modify the standard for the winter peak hour for the General Service Non-Demand class is approved. It is further

ORDERED that a waiver of the aforementioned rule to allow a three-year replacement cycle instead of the two-year cycle for all sample classes is approved. It is further

ORDERED that the proposed sampling plan for the general service class and the replacement cycle for the winter peak hour, as set forth in the body of this Order, are hereby granted. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceedings 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 7th day of December, 1994.

  
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BLANCA S. BAYÓ, 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.

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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on December 27, 1994.

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 substantially 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.