

FLORIDA PUBLIC SERVICE COMMISSION

Capital Circle Office Center • 2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

AUGUST 22, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (BERG) *UBS*  
DIVISION OF LEGAL SERVICES (ERSTLING) *UAX* *JDS*

RE: DOCKET NO. 960905-EI - PETITION TO REVISE THE SEBRING RIDER, RATE SCHEDULE SR-1, BY FLORIDA POWER CORPORATION

AGENDA: SEPTEMBER 3, 1996 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60 DAY SUSPENSION DATE - OCTOBER 14, 1996

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\960905EI.RCM

CASE BACKGROUND

On December 17, 1992, the Commission issued its final order in Docket No. 920949-EU, In Re: Joint Petition of Florida Power Corporation and Sebring Utilities Commission for Approval of Certain Matters in Connection with the Sale of Assets by Sebring Utilities Commission to Florida Power Corporation, Order No. PSC-92-1468-FOF-EU. In that order the Commission approved several aspects of the sale of Sebring Utilities Commission's electric facilities to FPC. Included was the "Sebring Rider" rate (SR-1), a rate to be charged by FPC to customers in the former Sebring service area in addition to FPC's regular rates. The SR-1 rate reflects the costs associated with the large debt that Sebring had accumulated over the years to serve its customers.

In approving the Sebring Rider, the Commission recognized that the rider might need to be adjusted over time to match the rider revenues to the debt service requirements as closely as possible. As such, the Commission retained jurisdiction over all aspects of the rider and directed Florida Power Corporation to review the Rider on an annual basis and submit the results of the review to the Commission. This recommendation is the result of the FPC's 1996 annual review of the rider.

DOCUMENT NUMBER-DATE

08900 AUG 22 96

FPSC-RECORDS/REPORTING

### DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Florida Power Corporation's proposed reduction in the Sebring Rider?

RECOMMENDATION: Yes. The Sebring Rider should be reduced from 1.577 cents per kWh to 1.524 cents per kWh.

STAFF ANALYSIS: The Sebring Rider is a formula rate similar to other rates that the Commission has established. The amount of the Sebring rider is simply the total dollars to be recovered divided by the total number of kWh's forecasted over a fifteen year time period. FPC has completed its annual review of the Rider and believes that the Sebring Rider's balancing account will have an over-collection of approximately \$900,000 as of October 1, 1996. FPC has also provided an updated load forecast which shows higher kWh sales than the forecast used to develop the current rate. The revised forecast indicates that unless the Rider is adjusted downward, the Rider will continue to over-collect revenues from the former Sebring customers and the over-collection balance will increase.

Staff agrees with the company's position that it is appropriate to revise the Sebring Rider. Utilizing the updated sales forecast through the end of the Rider's 15 year term, FPC has calculated a revised Rider of 1.524 cents per kWh (Attachment A). The existing \$900,000 over-collection balance was excluded from the revised calculation to minimize the possibility of raising the Rider in the future.

ISSUE 2: Should the Commission change the annual review requirement of the Sebring Rider to a three year review requirement?

RECOMMENDATION: Yes.

STAFF ANALYSIS: FPC is required to review the Rider on an annual basis and submit the results of the review to the Commission. The company is also required to submit reports of the Sebring Rider as part of its monthly surveillance reports (Attachment B). FPC requests that it be authorized to submit the Sebring Rider review on a three-year cycle instead of annually, as currently required. The company feels that a review of the Sebring Rider will allow the identification of trends more representative of future performance than is currently the case with an annual review. Staff agrees

with the company. The company, however, will continue to provide the Commission with the reports of the Sebring Rider as part of its monthly surveillance reports.

**ISSUE 3:** What is the appropriate effective date for the revised Sebring Rider?

**STAFF RECOMMENDATION:** The revised Sebring Rider should take effect beginning with the October, 1996 billing cycles.

**STAFF ANALYSIS:** The Sebring Rider should take effect beginning with the October, 1996 billing cycles. The October effective date is coincident with the winter fuel cost and capacity cost recovery factor changes.

**ISSUE 4:** Should this docket be closed?

**STAFF RECOMMENDATION:** Yes, if no protest is filed within 21 days of the issuance of this order.

**STAFF ANALYSIS:** If a protest is filed within 21 days of the Commission order approving the tariff, the tariff should remain in effect pending resolution of the protest, with any increase held subject to refund. If no protest is timely filed, this docket may be closed.



**RATE SCHEDULE SR-1  
SEBRING RIDER**

**Availability:**

To any customer located within:

- a) all retail electric service locations of the former Sebring Utilities Commission (SUC) retail electric service territory and the Florida Power retail electric service territory in and near the City of Sebring, Florida as described on Map 1 of Exhibit A of the Territorial Agreement that are served by SUC meters as of March 31, 1993.
- b) all retail electric service meters at new locations within the former SUC territory at any time on or after April 1, 1993, except for retail electric service meters in the "separate SEBRING UTILITIES retail service area in and around the Sebring Airport", within the meaning of such quoted phrase in the Territorial Agreement.

**Applicable:**

To all customers located within the service territory described under "Availability".

**Rate Per Month:**

In addition to the charges under the applicable rate schedule for electric service, the following rate shall be assessed:

Sebring Rider: 1.524¢ per kWh

Gross Receipts Tax Factor: See Sheet No. 6.106

Right-of-Way Utilization Fee: Sebring Rider is exempt from the Right-of-Way Utilization Fee.

Municipal Tax: Sebring Rider is exempt from the Municipal Tax.

Sales Tax: See Sheet No. 6.106

Term of Service: Service under this rate shall not be required after March 31, 2008.

ISSUED BY: M. C. Slusser, Jr., Director, Pricing Department

EFFECTIVE: October 1, 1996

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ISSUED BY: W. C. Slusser, Jr., Director, Pricing Department

EFFECTIVE: October 1, 1996

FLORIDA POWER CORPORATION  
Rate of Return Report  
SUMMARY OF SEBRING RIDER STATUS  
For the Month of May 1996

Attachment B

PART I - SUMMARY			
			<u>Total Period</u>
1	Dollars to be Recovered:		
2	Medium Term Note - Principal		\$30,700,000
3	Medium Term Note - Interest		19,615,117
4	Final Principal True-up		177,665
5	Other Interest Expense (Net)	Note a	9,373
6			<u>50,502,355</u>
7	Regulatory Assessment Fee	Note a	42,108
8	Total		<u>\$50,544,463</u>
9			
10	Period - April 1, 1993 - March 31, 2008		15 Years
11			
12	15 Year KWH Sales Forecasted	Note a	3,279,325,000 KWH
13			
14			<u>Period to Date</u>
15	Dollars Recovered and Other Credits:		
16	Principal and Interest		\$9,918,227
17	Regulatory Assessment Fee		8,238
18	Interest and Other Adjustments	Note b	158,149
19	Total		<u>\$10,084,612</u>
20			
21	KWH Sales to date		614,266,121 KWH
22			
23	Length of period elapsed	3 Years	2 Months

PART II - CURRENT STATUS						
		<u>Sales Statistics - KWH</u>		<u>SR-1 Net Revenues</u>		
		Actual	Forecast	Actual \$	Forecast \$	Difference \$
31	Apr 96	16,545,611	15,178,000	\$260,292	\$239,158	\$21,134
32	May 96	14,048,829	14,900,000	221,243	234,777	(13,534)
33	Jun 96		17,242,000		271,680	
34	Jul 96		18,231,000		287,263	
35	Aug 96		18,436,000		290,493	
36	Sep 96		19,509,000		307,401	
37						
38						
39	Rider (SR-1) Rate	1.577 Cents per KWH		Effective beginning November 1993 Billings		
40						
41						
42	Over/(Under) Recovery Balance -			May 1996		
43	Beginning Month Balance			\$955,174		
44	SR-1 Revenues (Net of Reg Assessment Fees)			221,243		
45	Payment of Principal and Interest			0		
46	Final Principal True-up			0		
47	Adjustments:					
48	Interest on Balance			4,798		
49	Interest Adjustment			0		
50	Revenue Adjustments			0		
51						
52	EOM Balance Available for next payment of Principal & Interest			<u>\$1,181,213</u>		
53						
54	Next Principal and Interest Payment:					
53	Amount Due			\$1,478,798		
54	Date Due			01-Oct-96		

## Notes:

- a. Updated per FPSC Order No. PSC-93-1519-FOF-EI and August 1995 update filed with the FPSC.  
b. Other adjustments (net) may include true-up adjustments from final close-out transactions.