

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**

OCTOBER 17, 1996

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

FROM: DIVISION OF ELECTRIC & GAS (DRAPER) <sup>EJDC</sup>  
DIVISION OF LEGAL SERVICES (WAGNER) <sup>RVE JW JOS</sup>

RE: DOCKET NO. 961106-EM - PETITION FOR APPROVAL OF REVISED  
RATE SCHEDULES, NEW INTERRUPTIBLE/CURTAILABLE SERVICE  
RIDER, AND NEW OPTIONAL RETAINED, EXPANDED, OR ATTRACTED  
LOAD SERVICE RIDER BY THE CITY OF GAINESVILLE

AGENDA: OCTOBER 29, 1996 - REGULAR AGENDA - TARIFF FILING -  
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\961106EM.RCM

---

**CASE BACKGROUND**

On August 26, 1996, Gainesville Regional Utilities (GRU) filed a petition for revised service charges, revised electric rates for all classes, a new optional Interruptible-curtailable Service Rider, and a new optional Retained, Expanded, or Attracted Load Service Rider. The tariff filing is supported by a cost of service study.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission defer action on GRU's proposed new optional Retained, Expanded, or Attracted Load Service Rider (Rider)?

**RECOMMENDATION:** Yes. The Gainesville City Commission (City Commission) has not approved this Rider yet. The Commission should take action on this proposal only after GRU receives City approval.

**STAFF ANALYSIS:** This optional rate allows GRU to offer discounted rates to commercial customers who are determined by GRU to be either retained, expanded, or attracted load. During informal discussions with GRU, however, staff was informed that the City

DOCUMENT NUMBER-DATE

1123 OCT 17 96

FPSC-RECORDS/REPORTING

DOCKET NO. 961106-EM  
DATE: OCTOBER 17, 1996

Commission has not approved this Rider yet. The Rider can not go into effect without City Commission approval. GRU expects a decision in January, 1997.

Staff has evaluated this tariff filing and believes it to be reasonable. Staff recommends, however, that this Commission should take action on this tariff after GRU receives City approval. At that point GRU can petition the Commission for approval of this Rider.

**ISSUE 2:** Should the Commission approve GRU's new optional Interruptible-Curtailable Service Rider (IS/CS Rider)?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** GRU filed its new optional IS/CS Rider as one rate schedule as opposed to having a separate tariff for the IS and for the CS rate schedule as most utilities do. Customers must have a minimum monthly billing demand of 1,000 kW to qualify. The customer shall contract for a minimum of ten years. A three-year notice provision is required to discontinue service and return to a firm rate schedule. If the customer contracts for interruptible service, all his load is subject to interruption; under the curtailable service the customer specifies a non-curtailable demand, i.e., a portion of the customer's load is not subject to interruption. If the customer, upon request by GRU, fails to curtail its demand, he will be subject to a penalty.

The tariff provides that a customer is subject to interruption/curtailment when GRU is required to maintain service to its or another utilities firm load obligations, and when the price of power available to GRU from other sources exceeds \$0.15 per kWh. Interrupting or curtailing for economic reasons is normally not done by the investor-owned utilities.

The credit has been developed based on avoided production plant cost. The credit for either IS or CS service is \$1.25 per kW, which is somewhat less than avoided cost. To make no distinction in the amount of credit received by an IS or CS customer is unusual. Florida Power Corporation, for example, also

DOCKET NO. 961106-EM  
DATE: OCTOBER 17, 1996

developed its non-firm rates on an avoided cost basis. The CS credit, however, is less than the IS credit. A higher IS credit reflects the fact that the customer will be interrupted at times of capacity shortfall. A CS customer may or may not curtail its demand at times of capacity shortfall. Staff discussed this concern with GRU, but the utility chooses not to modify its proposed tariff at this time.

GRU's customer base is 87 percent residential and only a few customers are large enough to qualify for this rider. In addition, since the credit is less than avoided cost, GRU and staff do not expect many customers to apply for service under this rate.

**ISSUE 3:** Should the Commission approve GRU's revised service charges and revised rate schedules?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** The service charges are in line with service charges currently approved for the investor-owned utilities and appear reasonable.

GRU also proposed to lower the energy and demand charges for its Residential, Residential Time-of-Use, General Service Non-Demand, General Service-Demand, Large Power Service, and Transmission Service class. These revisions became effective October 1, 1996. The proposed rates result in an overall decrease in annual revenues of \$2,330,223. The cost of service study submitted to support the proposed rates appears to use reasonable cost allocators. In addition, the proposed revisions improve GRU's rate structure.

DOCKET NO. 961106-EM  
DATE: OCTOBER 17, 1996

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

**RECOMMENDATION:** No.

**STAFF ANALYSIS:** Each of the issues are severable. As to issues 2 and 3, if a protest is filed within 21 days from the issuance date of the order, the tariff should remain in effect, pending resolution of the protest. The docket should remain open pending the City Commission's approval of the optional Retained, Expanded, or Attracted Load Service Rider. After the City Commission has approved this Rider, staff will present the issue to the Commission.



# Public Service Commission

**-M-E-M-O-R-A-N-D-U-M-**  
**RECEIVED**  
1996

**DATE:** October 11, 1996

**TO:** Blanca Bayó, Director of Records and Reporting *WAS* **FPSC-RECORDS/REPORTING**

**FROM:** Wilbur Stiles, Assistant to Chairman Clark

**RE:** Intercepted Communications Received in Docket No. **961106**

This office received the attached correspondence regarding the above docket. This correspondence has not been viewed or considered in any way by Chairman Clark. Under the terms of the advisory opinion from the Commission on Ethics (issued July 24, 1991 as CEO 91-31-July 19, 1991), this letter does not constitute an ex parte communication by virtue of the fact that it was not shown to the Chairman. Because it is not deemed to be an ex parte communication, it does not require dissemination to the parties pursuant to the provisions of Section 350.042, F.S. However, Chairman Clark has requested that such correspondence be placed on the record in the correspondence side of the docket file.

c: Rick Moses, Div. of Communications



RECEIVED

OCT 07 1996

Florida Public Service Comm.  
Commissioner Clark



October 1, 1996

Susan Clark, Chairman  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Docket No. 961106, Gainesville Regional Utility  
Petition for Service Rider

Dear Chairman Clark:

Gainesville Regional Utilities (GRU) has petitioned the Commission for a new optional retained, expanded or attracted load service rider. We urge the Commission to require GRU to include a comprehensive energy audit as a condition of customer participation in the service rider tariff and to provide assistance to qualifying customers to make all cost-effective energy efficiency improvements as an integral part of any rate discount offered by GRU.

The reasons supporting this request are as follows:

(1) Participating Customer Benefits. Customers, with assistance from GRU, may achieve significant bill savings by incorporating energy efficiency measures that may supplement the rider. The lower the customer's bill, the more likely the customer will remain and grow as a GRU customer. Savings from energy efficiency free up resources for other investments in the community.

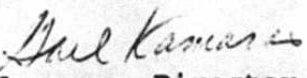
(2) GRU and Other Customer Benefits. Investments in energy efficiency may also reduce costs to GRU as well as its customers. Rate discounts reduce GRU's overall revenues but do not necessarily reduce its costs. Rate discounts reduce revenue contribution to fixed costs for each kWh sold. If bill reductions can be obtained from energy efficiency investments, the needed rate reduction may be reduced. If efficiency can be substituted for price reductions, GRU and its other customers may benefit from the increased marginal revenues that contribute to recovering fixed costs and to improving GRU's earnings. By enabling customers to meet their energy service needs with less electricity use, GRU is able to serve its customers with less pollution and with reduced investment in plant and equipment.

(3) Gainesville Economic Benefits. By obtaining bill reductions through energy efficiency, GRU substitutes expenditures in local goods and services for out-of-state fuel purchases, keeping more money in the local economy.

We recommend that the Commission approve a tariff that will ensure that GRU has a program in place to effectively encourage participating customers to use energy efficiency to reduce their electricity bills. In addition to a comprehensive audit, GRU should provide participating customers with financial or other assistance to facilitate the implementation of the energy efficiency improvements.

On a technical issue, we note that while GRU states that existing customers must have 50 kw of load to qualify for a retained customer discount, the tariff [Sheet No. 6.12 Applicability par. (A)] does not include that limitation.

Sincerely,

  
Gail Kamaras, Director  
Energy Advocacy Program

cc: Commissioners  
E. Draper  
GRU