

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

NOVEMBER 14, 1996

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

FROM: DIVISION OF ELECTRIC & GAS (WHEELER, KUMMER, JENKINS, TRAPP)  
DIVISION OF LEGAL SERVICES (JOHNSON) *DW* *JK* *RUE* *RLT* *JDJ*

RE: DOCKET NO. 961189-EM - REQUEST FOR APPROVAL OF TARIFF REVISIONS AND NEW RATE RIDERS BY JACKSONVILLE ELECTRIC AUTHORITY

AGENDA: NOVEMBER 26, 1996 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\961189.RCM

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CASE BACKGROUND

Recently, a number of municipal utilities have filed tariff revisions containing discounted rate offerings designed in large part to better position themselves for competition. These offerings are generally available to those customers who are believed to be most at risk in the event of major changes in the electric industry. The Commission has recently approved tariff offerings of this type filed by the City of Lakeland, Fort Pierce Utility Authority, and the City of Homestead.

The Commission has also recently approved a tariff filed by Gulf Power Company (Gulf) under which Gulf can negotiate rates with those new and existing customers they believe are at risk of not being served by Gulf. The proposed changes filed by Jacksonville Electric Authority (JEA) continue this trend. JEA has proposed several new riders which will provide reduced rates to certain large customers.

In conjunction with the new offerings, JEA is also reducing rates to all existing customer classes. The staff has reviewed the proposed rate changes and the accompanying cost of service study,

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and believes they are reasonable. This recommendation addresses only the new rate riders proposed by JEA.

This memorandum contains primary and alternative recommendations on Issues 1 through 3. The staff analyses of these issues begin with a general discussion of the new offerings, followed by the primary and alternative analyses. A summary of the new offerings is contained in attachment 1.

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### DISCUSSION OF THE ISSUES

**ISSUE 1:** Should the Commission approve Jacksonville Electric Authority's proposed General Service Large Demand (GSLDR-5) and General Service Extra Large Demand (GSXLD) Riders?

**PRIMARY RECOMMENDATION:** Yes. (Jenkins, Kummer)

**ALTERNATIVE RECOMMENDATION:** No. The Commission should issue a comment letter (shown as attachment 2) requesting that Jacksonville Electric Authority show that its rate structure is fair, just and reasonable. (Wheeler, Trapp)

#### **STAFF ANALYSIS:**

##### **GSLDR-5 Rider**

The GSLDR-5 rider is available effective April 1, 1997 to those customers who qualify for service under JEA's General Service Large Demand (GSLD or GSLDT) rate schedules, as well as those who qualify for the Multiple Account Load Factor Improvement (MA) Rider. Customers thus must have monthly billing demands of 700 kw or more to qualify, or in the case of the MA rider described in Issue 2, their accounts when combined must exceed 700 kw.

As a condition for service under the rider, customers must sign an electric service agreement for a minimum initial term of five years. Staff has received copies of this form agreement, although they were not filed as tariff pages. JEA has indicated that they will file these forms as tariff sheets.

In return for signing the 5-year contract, customers are given a 5% discount on their electric bill, including base rate and fuel adjustment charges. After two years, if customers wish to take service under JEA's standard rates or, if allowed by law to take service from another electric service provider, they must give at least 36 months' notice. If customers wish to terminate service giving less than 36 months' notice, they must pay as liquidated damages an amount equal to the monthly kw demand charge times their average billing demand for the most recent 12-month period for each of the remaining months of the contract term.

JEA has provided staff with estimates of the revenue impact of this offering, including the impact associated with those customers who opt to combine this rider with the MA rider.

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GSXLD Rider

The GSXLD rider is available October 1, 1996 to those customers whose monthly billing demands exceed 25,000 kw, or whose existing accounts in the aggregate exceed that level. The eligible customers are required to execute a 10-year General Service Extra Large Demand Service Agreement, during which term customers agree to purchase their full electricity requirements from JEA. Staff has received copies of this form agreement, although they were not filed as tariff sheets. JEA has indicated that they will file these forms as tariff sheets.

In return for signing the 10-year agreement, customers pay base rate charges which are 10 percent below tariffed rates as of September 30, 1996. Effective October 1, 1997, customers pay rates which are at least 20% below the September 30, 1996 rates. After September 30, 1998, customers pay rates that are at least 10% below the then-prevailing tariffed rates.

After the initial five years, if customers wish to discontinue service they must give 60 months' notice. If customers discontinue service under the rider prior to the end of the 60 months, they must pay to JEA as liquidated damages an amount equal to the monthly kw demand charge times their average billing demand for the most recent 12-month period for each of the remaining months of the contract term.

Under the terms of the agreement, customers are expressly prohibited from installing any non-emergency self-generation equipment. In addition, the agreement provides that upon completion of 5 years of the contract, customers can, with 8 months' written notice, terminate the requirement to take service from JEA, provided they can obtain equivalent electric service from another source which is priced at more than 8% below JEA's price for the remaining term of the contract. The alternate source must be either an existing utility or an energy marketer licensed by the Federal Energy Regulatory Commission to sell firm electricity and capacity. If within 5 months of the notice JEA offers a rate which is less than 6% higher than that offered by the alternate supplier, the termination will not take effect.

There are four existing JEA customers who are eligible for this rider: The U.S. Navy, The City of Jacksonville, Stone Container Corporation, and the Duval County School District. Stone Container has opted to take service under the IS rate.

Pursuant to a ten-year contract with the U.S. Navy signed on July 8, 1996, the Navy will take service under the GSXLD rate

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schedule effective October 1, 1996, and will combine selected accounts pursuant to the MA rider beginning on December 1, 1996. In addition to these rate concessions, JEA will also make available to the Navy \$40 million in funds to be used to finance energy service projects and electrotechnology implementation, at an interest rate no greater than the one-year U.S. Treasury Bill rate. JEA also agreed to take over the maintenance of the electric distribution system at the Navy's NAS Cecil Field effective October 1, 1996. It is estimated by JEA that this will cost \$100,000-\$150,000 per year. It is anticipated that the Navy will turn over the distribution system to JEA at no cost in 1998.

#### Primary Staff Analysis

Primary Staff's recommendation to approve the current filing is based primarily on the statutory limitations on FPSC review of municipal utilities. If such proposals were submitted by an investor-owned utility, a more quantifiable definition of the potential for loss of load and the potential stranded investment would be required to justify any such rate discounts. In this filing, JEA has made no attempt to quantify whether a customer is at risk, or to require any showing that a customer has an alternative to service from JEA in order to qualify for the discounts. It has not provided any cost link to justify the proposed 5% and 10% discounts to at-risk load and any potential cost of stranded investment if these customers leave the system.

However, at-risk determination and stranded cost issues primarily impact earnings and rate of return. The Commission has no jurisdiction over the total earnings of a municipal utility. It cannot review cost prudence or pass judgment on rates of return. Municipal utilities are extensions, at least to some degree, of their city governments. Their policies, rates and revenue requirements are determined by a locally elected body of city commissioners. A portion of municipal revenues are returned to the city to support general city functions, such as roads and recreation. It is the intertwined nature of municipal governments with municipal utilities which led to the statutory restriction on Commission jurisdiction.

Municipal electric utilities and rural cooperative electric utilities came under FPSC jurisdiction by virtue of a statutory change in 1974. Before that time municipal and rural cooperative electric utilities were specifically exempt from Commission regulation. The exemption was based on the rationale that the citizens of a municipality and the members of a cooperative own and control the utility, and therefore state agency regulation was not

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necessary. As the Florida Supreme Court explained it in City of St. Petersburg v. Carter, 39 So.2d 804, 806 (Fla. 1949), a decision involving the Commission's predecessor:

The Florida Railroad and Public Utilities Commission was created for the purpose of protecting the general public from unreasonable and arbitrary charges that might be made by railroads and other transportation companies which may be classified as monopolies....It is unnecessary to exercise such regulatory power in connection with a municipality which might own and operate any utility. The people themselves own a municipal utility and it functions for their benefit. They should have the right through their constituted officials to make their own regulations...There is no occasion to give one statutory creature, such as the FPUC, jurisdiction over the activities of another statutory creature, to wit: a duly chartered municipality, which is a distinct governmental unit, unless the law unmistakably so provides.

With the passage of House Bill 1543, enacted as Chapter 74-196, the Florida Legislature specifically granted the Commission jurisdiction over rural electric cooperatives and municipals for certain purposes. Section 366.04(2), Florida Statutes, lists four areas of the Commission's jurisdiction over municipal and rural cooperative utilities: 1) rate structure; 2) system of accounts; 3) territorial disputes and agreements; and 4) efficient operation of the statewide grid system. With respect to the first area, the original language bringing municipal and cooperative utilities under PSC jurisdiction made a distinction between "rate structure" and "rate making," or "rate level," jurisdiction which the Commission exercised over the investor-owned electric utilities.

House Bill 1543 was part of a three-way compromise among the legislature, the Office of Public Counsel and the utilities. The primary thrust of the bill was to promote long range planning. Rate structure was only considered in terms of more general standards such as time-of use rates. It did not envision looking at the actual rates charged to any one class. The question of defining "rate structure" evolved later when the Commission and utilities struggled with implementation of the new statute.

The Commission conducted lengthy proceedings to define rate structure over the period 1977 to 1979. The Commission interpreted the 1974 amendment as making a definite distinction between **rate setting** or **rate making**, and **rate structure**. The Commission cited the specifically different terminology used in the amendment, the

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lack of application of the file and suspend portion of the statute to municipal and cooperative utilities, and the fact that jurisdiction comparable to the IOUs would have required significant increases in staff which were not granted. The deliberations finally defined rate structure as the rate relationships between classes and among customers within rate classes.

In this filing, JEA has proposed new rate classes, defined in non-traditional ways. There is no requirement that the rates be strictly cost based. Rule 25-9.053 requires only "supporting information" which is sufficient to allow the Commission to make determination of the derivation of all rate structure modifications. A legal opinion rendered by the General Counsel in 1990 finds that the Commission cannot reject a filing simply because of insufficient cost support (Opinion 0-90-006).

If it could be demonstrated that rates to other ratepayers were increasing as a direct result of these new offerings, it might be possible to establish a rate structure dispute. However, in this case, rates to all customers are decreasing, not increasing. JEA maintains that, in fact it is avoiding future rate increases by retaining load it believes to be subject to competition. If, at some future point in time, JEA determines that it needs to increase its overall revenue requirements, the Commission's charge would be to see that any increase is fairly collected from existing ratepayers - not how or why the need arose.

In summary, while Primary Staff does not necessarily agree with the concepts presented, we believe that the rate structure restrictions contained in the statute were intended to give greater latitude to municipal utilities in managing their affairs because of the close connection between general city revenues and municipal utility revenues. The proposed tariffs provide rate reductions for all customers, so all customers are better off than they were prior to the changes. JEA has presented supporting documentation based on an analysis of the projected potential risk to all customers of not offering its large customers new options. Any shortfall in total utility revenues would not be subject to FPSC review except as to how it was collected from existing ratepayers. Since we cannot disprove JEA's "cost" assumptions, nor pass judgment on total revenue, and it is not possible to determine if any of the new proposals negatively affect rate structure, Primary Staff recommends approval of the proposed tariffs.

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Alternative Staff Analysis

Staff does not believe that the GSLDR-5 and GSXLD riders should be approved because they are not cost based. Although the Commission has approved special rates for three other municipal utilities, as well as for Gulf Power Company, each of those offerings has some cost basis, however tenuous.

In the case of the City of Homestead and Ft. Pierce Utility Authority, the utilities can offer, at their discretion, discounted rates based on the incremental cost of their excess capacity from Stanton Unit 2. The City of Lakeland can offer to large high load factor customers rates that are below embedded cost based on the availability of lower cost purchased power. Gulf can offer, to those customers it deems are at risk, rates which are below embedded costs but above the calculated incremental cost to serve the customer.

Unlike the rate discounts previously approved by the Commission, under JEA's riders there are no attempts to determine whether customers are at risk. The discounted rate is offered to entire classes of customers, regardless of whether or not they have alternatives to service from JEA.

In addition, the discounts of 5 and 10 percent pursuant to the riders are not based on any determination of costs. In meetings with the staff, JEA indicated that the discounts were arrived at by examining the types of discounts offered by other utilities around the country, and was not based upon any analysis of costs.

Alternative staff believes that it is not equitable for the remaining ratepayers to bear the costs of offering these discounts. Historically, the Commission has adhered to the principal that rates, to the extent possible, be based upon costs. JEA has offered no cost basis upon which to support their proposed GSLDR-5 and GSXLD riders. Staff believes that the revenue deficiency which results from the offering of rate discounts will ultimately be borne by the non-participating ratepayers.

While alternative staff recognizes that changes to the electric industry may occur in the future, the captive residential and small commercial ratepayers should not at this time be asked to subsidize the rates of those customers who may have options in the future. Therefore staff recommends that the Commission issue the comment letter shown as attachment 2.



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**ISSUE 2:** Should the Commission approve Jacksonville Electric Authority's proposed Multiple Account Load Factor Improvement Rider?

**PRIMARY RECOMMENDATION:** Yes. (Jenkins, Kummer)

**ALTERNATIVE RECOMMENDATION:** No. The Commission should issue a comment letter (shown as attachment 2) requesting that Jacksonville Electric Authority show that its rate structure is fair, just and reasonable. (Wheeler, Trapp)

**STAFF ANALYSIS:** The MA rider is available to those customers who have multiple accounts located throughout JEA's service territory. It will become effective no sooner than December 1, 1996 and no later than June 1, 1997. Customers qualify for the MA rider if the combined billing demands of all of their accounts qualifies for the GSLD rate (700 kw or greater). Pursuant to the rider, customers are permitted to aggregate the loads of their commercial accounts for the purposes of determining the monthly billing demand, a practice known as conjunctive billing. Conjunctive billing by investor-owned utilities is specifically prohibited under Rule 25-6.102, F.A.C.

Under existing rates, the customer pays a separate demand charge for each account, based on that account's maximum monthly demand. Under the MA rider, each of the customer's accounts is equipped with a demand meter which records for each 15-minute interval the account's kw demand. At the end of the billing cycle, the demands for each interval are summed. The customer's billing demand for all the accounts is equal to the highest summed interval. Thus aggregated MA accounts appear as if all the accounts were behind a single meter. The result of conjunctive billing is that, to the extent that there is diversity among the customer's demands, the billing kw will be lower than that calculated under standard rates.

The energy and demand charges under the MA rider are equal to the existing GSLD, GSLDT, or GSXLD rider rates. Thus the customer's total energy usage and maximum demand are billed under one rate. In addition, customers pay a \$1,000 per month customer charge and a monthly \$50.00 per account site fee. Customers are not required to include all of their accounts for billing under the MA rider, but can choose which accounts will be combined. Although the tariff as proposed does not state this, JEA has indicated that they will include a provision containing this option in a tariff revision planned for December of this year.

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Primary Staff Analysis

Staff believes that there is no cost basis for the MA rider however, they also recognize, as JEA expressed in meetings with the staff, that utilities are seeking ways in which to retain multiple account customers. Many of these customers operate on a national level, and are entering into contracts with utilities and power marketers to provide electric service to all their facilities throughout the U.S., in the event changes in regulation make such arrangements possible.

Therefore, staff views the MA rider as simply another attempt to retain those customers who are most at risk of seeking alternate suppliers. In keeping with the analysis in Issue 1 regarding jurisdiction, staff recommends approval. Staff would not recommend approval of an investor-owned utility tariff which allows conjunctive billing, which is expressly forbidden pursuant to Rule 25-6.102, F.A.C.

Alternative Staff Analysis

In meetings with JEA, staff expressed concerns with the MA rider. Staff does not believe there is a cost justification for allowing the demands of multiple accounts to be combined for demand billing purposes. Investor-owned utilities are prohibited from engaging in this practice under Rule 25-6.102, F.A.C.

In the ratemaking process, customers are grouped into rate classes based on their size and usage characteristics. Costs are then allocated to the classes based on usage patterns, and rates are set to recover those costs. For example, production plant costs are generally allocated to the customer classes based on their contribution to the system peak demand. Some classes are more peak intensive than other, and thus are allocated a larger proportion of production costs.

Under JEA's MA rider, if there is any diversity of load among the aggregated accounts, the billing demand of the customer will be reduced, even in the absence of any change in usage patterns. Consequently, under conjunctive billing, the total costs allocated to the customer for each account when rates were established are not recovered.

JEA indicates that customers may respond to the MA rider by scheduling the usage among their accounts to reduce their totalized billing demand, which will result in system peak demand savings to the utility. Staff acknowledges that customers may react to the

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new rate in this manner; however, to the extent there is some diversity in the customer's loads, the customer receives a reduced bill without any change in usage pattern, and without any change in cost causation. This results in the subsidization of those customers with multiple accounts who are able to take service under the MA rider by those who cannot. In addition, there is no assurance that any new usage pattern will reduce system peak demand, since the customer is billed on its maximum monthly peak, regardless of when it occurs.

In addition, since customers are billed for all their usage under the GSLD, GSLDT or GSXLD rates, regardless of the size of the account, there is a mismatch between the costs allocated to these customers and the rate they are paying. For example, an MA rider customer's General Service - Non-demand account may be billed under the lower GSLD rate.

Because there is no cost basis for the aggregation allowed under the MA rider, alternative staff believes that the Commission should not be approved, and that the attached comment letter should be issued.

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**ISSUE 3:** Should the Commission approve Jacksonville Electric Authority's proposed experimental Load Density Improvement Rider (LDI)?

**RECOMMENDATION:** Yes. (Jenkins, Kummer)

**ALTERNATIVE RECOMMENDATION:** No. The Commission should issue a comment letter (shown as attachment 2) requesting that Jacksonville Electric Authority show that its rate structure is fair, just and reasonable. (Wheeler, Trapp)

**STAFF ANALYSIS:** The LDI rider is available beginning October 1, 1996 to new or existing customers who receive service in certain designated planning districts of JEA's service territory. The planning districts are those in which there is less than one large (greater than 1,000 kw) customer per acre. Customers must also qualify for JEA's General Service Demand or General Service-Large Demand rate schedules. The rider is experimental, and application for service must be made prior to October 1, 2000.

Customers taking service under the LDI rider are required to execute a 10-year Load Density Improvement Electric Service Agreement, under which they commit to take service for a minimum of seven years. Staff has received copies of this form agreement, although they were not filed as tariff sheets. JEA has indicated that they will file these forms as tariff sheets. If after the initial seven years the customer wishes to discontinue service, they must give 36 months' notice. If customers discontinue service under the rider prior to the end of the 36 months, they must pay to JEA as liquidated damages an amount equal to the monthly kw demand charge times their average billing demand for the most recent 12-month period for each of the remaining months of the contract term. Customers under the LDI rider are not eligible for any of the other new rider offerings discussed.

Under the terms of the rider, customers receive a discount on their total electric bill of 25% in the first year of the contract, 15% in the second year, and 5% thereafter. In the case of new customers, this discount applies to the total electric bill. In the case of existing customers, the discount applies only to a material increase in load, which are defined as an increase in energy usage (kwh) of 25%, an increase in demand of 500 kw, or the addition of 25 full-time jobs.

This offering is essentially an economic development mechanism intended to stimulate economic growth in the less developed areas of JEA's service territory.

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Primary Staff Analysis

Staff's concerns with the LDI are similar to those expressed in Issue 1 regarding the GSLDR-5 and GSXLD riders. Staff does not believe there is any cost justification for discount rates to customers who locate or expand in designated geographical areas. However, for the reasons discussed in Issue 1, staff believes that the Commission should approve the LDI rider.

Alternative Staff Analysis

Alternative staff believes that the Commission should not approve the LDI rider because it is not cost based. The LDI offers discounts to those customers who choose to locate or expand in designated geographic areas. The Commission has not approved differing rates based on geographic location within a single utility's contiguous service area.

Alternative staff's objections to the LDI are similar to those expressed in Issue 2. JEA has offered no cost justification for offering discounts to customers who chose to locate in designated areas. There is no evidence presented to indicate that such customers impose lower costs on the system than others, or that the addition of load in the specified areas will benefit the remaining ratepayers. For these reasons, alternative staff recommends that the comment letter shown in attachment 2 be issued.

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**ISSUE 4:** Should the Commission approve Jacksonville Electric Authority's proposed Experimental Interruptible (IS) and Curtailable (CS) Service Riders?

**RECOMMENDATION:** Yes, subject to the assurance JEA has made to the staff that the language in its buy-through provisions will be clarified in its December 1996 rate hearing. (Wheeler)

**STAFF ANALYSIS:** JEA has proposed the addition of two new experimental non-firm rate schedules. The IS and CS rates are available October 1, 1996 to customers eligible for the GSLD or GSLDT rate schedules. Customers must apply for service on or before October 1, 2000, and must take service for an initial term of 3 years. For the period October 1, 1996 through December 31, 1997, the customer may cancel service under the rider. After that, the customer is required to give 60 months' notice prior to returning to a firm rate schedule.

Under the IS rate, customers are subject to interruption of their total load by JEA when the utility needs all of its capacity to serve its firm customers, or to supply emergency interchange service to another utility, or when the price of power available to JEA from other sources exceeds 30 cents per kwh.

Both the IS and CS rates also contain a buy-through option which allows customers to minimize interruptions by allowing JEA to buy power from other sources during periods of normal interruption. When JEA is successful in making such purchases, customers must pay the actual cost of the power, plus 3 mils per kwh in lieu of the energy charge listed in the rate schedule. The buy-through provisions also contains the following language:

Should the customer not be able to arrange Buy-Through power, then the customer may, at its option, arrange for reliable delivery to JEA of the amount of power JEA has interrupted. The customer must notify the JEA of the power provider in sufficient time for the JEA to establish a contract with the provider, if none exists. When the JEA or the customer is successful in making such purchases, the customer will be required to pay JEA's cost of such purchases plus 3 mils per kwh, in lieu of the otherwise applicable energy charge listed in this schedule.

In meetings with JEA, staff expressed concern that the language in this provision seemed to allow the customer to make purchases directly from a third party supplier, which would

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constitute retail wheeling. JEA indicated that it was not their intent to allow such transactions.

They indicated that in discussions with potential interruptible and curtailable customers, there was concern expressed that JEA would not be as aggressive in seeking out alternative sources as they desired. This provision was intended to allow the customers to seek out alternative sources themselves, but the transaction would be between JEA and the alternative supplier. JEA agreed in a meeting with staff that they would clarify the meaning of these tariff provisions in its December 1996 rate hearing.

Staff has reviewed the methodology used to arrive at the IS and CS rates, and believes they are reasonable. The method used to develop the rates involved adjusting the existing GSLD firm rate to remove a large proportion of the production plant costs, since JEA will not plan to serve these customers.

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ISSUE 5: Should this docket be closed?

PRIMARY RECOMMENDATION: Yes. 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. If no timely protest is filed, this docket should be closed. (Jenkins, Kummer)

ALTERNATIVE RECOMMENDATION: No. This docket should remain open pending the resolution of the concerns raised in the Commission's comment letter. (Trapp, Wheeler)

PRIMARY STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.



Attachment 1

**SUMMARY OF NEW OFFERINGS - JACKSONVILLE ELECTRIC AUTHORITY**

NAME: General Service Large Demand Rider  
(GSLDR-5)

EFFECTIVE DATE: April 1, 1997

APPLICABILITY: New or existing customers with demands of 700  
kw or higher (GSLD or GSLDT)

or

Combined Accounts totaling 700 kw or  
higher (pursuant to MA Rider)

TERM: 5 Years

DISCOUNT: 5% reduction in total electric bill,  
including fuel and base rate charges.

DETERMINATION OF AT-RISK STATUS: None

PROVISION FOR EARLY TERMINATION:

First 2 years - None

After 2 years - 36-month notice required for return to standard  
rates.

Payment for early termination after 2 years (less than 36 months'  
notice) - Customer pays demand charge times avg. monthly demand  
(based on previous 12 months) for each of remaining months in  
contract term.

NAME: General Service Extra Large Demand Rider  
(GSXLD)

EFFECTIVE DATE: October 1, 1996

APPLICABILITY: New or existing customers with demands of  
25,000 kw or higher

or

Combined Accounts of a single entity  
located anywhere in JEA's territory,  
totaling 25,000 kw or higher.

Can be used in conjunction with MA  
rider.

TERM: 10 Years - Customer must take all  
electric service from JEA, and is  
prohibited from installing non-emergency  
self-generation

DISCOUNT: 10/1/96 - 9/30/97: 10% below otherwise  
applicable GS, GSD, or GSLD base rates as  
of September 30, 1996. If combined with  
MA rider, all accounts are billed at 10%  
below GSLD base rate, plus MA rider  
customer charge and per site fee.  
Discount does not apply to fuel charge.

10/1/97 - 9/30/98: At least 20% below otherwise  
applicable GS, GSD, or GSLD base rates as of  
September 30, 1996. If combined with MA rider, all  
accounts are billed at 20% below GSLD base rate,  
plus MA rider customer charge and per site fee.  
Discount does not apply to fuel charge.

After 9/30/98: At least 10% below prevailing GS,  
GSD, or GSLD base rates. If combined with MA  
rider, all accounts are billed at 10% below  
prevailing GSLD base rate, plus MA rider customer  
charge and per site fee. Discount does not apply  
to fuel charge.

DETERMINATION OF AT-RISK STATUS: None

PROVISION FOR EARLY TERMINATION:

First 5 years - None

After 5 years - 60-month notice required for return to standard  
rates.

Payment for early termination after 5 years - customer pays demand charge times avg. monthly demand (based on previous 12 months) for each of remaining months in contract term.

or

After 5 years - Upon 8 months' notice, if customer can obtain equivalent electric service from another source such that its fully bundled cost for service including all fees and taxes is more than 8% below JEA's rates, for the duration of the contract term. The alternative source must be an existing, operating electric utility, or an energy marketer licensed by FERC. If, within 5 months, JEA offers a rate to the customer that is less than 6% higher than the alternative, the termination is canceled.

NAME: Multiple Account Load Factor Improvement  
Rider (MA)

EFFECTIVE DATE: As early as December 1, 1996 and not  
later than June 1, 1997

APPLICABILITY: Combined Accounts of customer total 700 kw or  
higher (GSLD).

TERM: No minimum term.

DISCOUNT: Bills of all commercial accounts are  
aggregated to determine billing demand.  
All usage is billed at either GSLD or  
GSXLD rate. Customer must also pay a  
\$1,000 customer charge and a \$50 per site  
fee.

DETERMINATION OF AT-RISK STATUS: None

PROVISION FOR EARLY TERMINATION: N/A

NAME: Load Density Improvement Rider (LDI)

EFFECTIVE DATE: October 1, 1996

APPLICABILITY: New or existing customers receiving service in Planning Districts 3 East, 4 West, 5 West, 6 and 7 served by JEA. Cannot be utilized in conjunction with any other riders.

New Customers

50 kw or higher demand (GSD, GSST, GSLD, or GSLDT)

Existing Customers

Increase in energy use of 25%

or

Increase in monthly demand of 500 kw

or

Addition of 25 full-time jobs

TERM: 10 Years - Customer must take all electric service from JEA, and is prohibited from installing non-emergency self-generation

DISCOUNT: New Customers: Discount applies to electric bill, including fuel and base rate charges.

Existing Customers: Discount to fuel and base rates applies only to added load

<u>Year 1:</u>	25% Discount
<u>Year 2:</u>	15% Discount
<u>Years 3-10:</u>	5% Discount

DETERMINATION OF AT-RISK STATUS: None

PROVISION FOR EARLY TERMINATION:

First 7 years - None

After 7 years - 36-month notice required for return to standard rates.

Payment for early termination after 7 years - customer pays demand charge times avg. monthly demand (based on previous 12 months) for each of remaining months in contract term.

Attachment 2

Ms. Ann Beckwith  
Director of Electric Rates  
Jacksonville Electric Authority  
21 West Church Street  
Jacksonville, Florida 32202-3139

RE: Docket No. 961189-EM  
Request for Approval of Tariff Revisions and New Rate  
Riders by Jacksonville Electric Authority

Dear Ms. Beckwith:

On May 9, 1996 the Jacksonville Electric Authority filed with the Commission proposed tariff revisions which contain several new rate riders. These riders include the General Service Large Demand Service Rider (GSLDR-5), the General Service Extra Large Demand Rider (GSXLD), the Multiple Account Load Factor Improvement Rider (MA) and the Load Density Improvement Rider (LDI). These riders provide for discounted rates for those customers who choose to sign five or ten-year contracts with the utility, those who have multiple accounts, and those who locate or expand in certain geographic areas.

Our staff has reviewed these proposed new riders and has determined that they are not justified on a cost basis, and thus their offering results in a rate structure problem. The Commission therefore requests a response from the Jacksonville Electric Authority demonstrating that the new offerings result in rates that are fair, just and reasonable.

Thank you for your careful consideration of these comments. Our staff is willing to help in any way possible to resolve this matter. Please provide your response to this comment letter by February 26, 1997.

Sincerely,

Susan F. Clark  
Chairman

MA  
Revenue Code

RIDER MA  
MULTIPLE ACCOUNT LOAD FACTOR  
IMPROVEMENT RIDER

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- Available In all territory served by the Jacksonville Electric Authority. This tariff will be available as soon as administratively possible after December 1, 1996 and not later than June 1, 1997.
- Applicable To customers whose services are eligible for Rate Schedules GS, GST, GSD, GSDD, GSLD, GSLDT and GSXLD, and whose combined kW demand meet the minimum requirements of Rate Schedule GSLD. This rider is not available to any pooling or other purchasing arrangement in which entities that would otherwise be individual customers totalize their electricity purchases through any other customer. Resale of energy purchased under this rate schedule is not permitted.
- Character of Service JEA's standard voltage levels.
- Rate Per Month For customers electing to totalize their accounts, the charge per month shall be the energy and demand charge as listed under JEA's GSLD, GSLDT or GSXLD Rate Schedule plus a \$1,000 per month customer charge and a monthly \$50.00 per account site fee.
- Definition of Combination The combination of meters shall mean the combining of the separate consumption and registered kW demand for the customer with two or more service locations throughout JEA's service territory.
- Determination of Billing Demand The Billing Demand for the month shall be the combined maximum integrated 15-minute metered kW demand in the month.
- Terms and Conditions
- (a) Service hereunder shall be subject to the Rules and Regulations of the Jacksonville Electric Authority.
  - (b) JEA will install demand meters on accounts receiving service under JEA's General Service (GS) Rate Schedule who are totalized.

GSLD-5  
Revenue Code \_\_\_\_\_

RIDER GSLDR-5

GENERAL SERVICE LARGE DEMAND RIDER

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- Available In all territory served by the Jacksonville Electric Authority.
- Applicable To any customers who have executed a five (5) year General Service Large Demand Rider Electric Service Agreement with JEA and whose existing account is receiving and qualifying for electric service under Rate Schedule GSLD, GSLDT or Multiple Account Load Factor Improvement Rider. Resale of energy purchased under this rate schedule is not permitted.
- Character of Service JEA's standard voltage levels.
- Rate Per Month Customers executing a General Service Large Demand Rider Electric Service Agreement shall receive a 5% discount on their electric bill. The discount will be applied to the total electric bill before the application of any credits (excluding the primary service or transmission service discounts), penalties, service charges, Gross Receipts Tax or other applicable taxes including franchise fees.
- Term of Service Service under this rider shall be for a minimum initial term of five (5) years from the commencement of service. Customers desiring to terminate service under this rate schedule after the initial two (2) years, will be required to give the JEA a minimum of thirty-six (36) months notice prior to the transfer to JEA's standard rates or, if allowed by law, receipt of service from another electric service provider. Should the customer elect to terminate the General Service Large Demand Electric Service Agreement with JEA, giving less than thirty-six (36) months notice, it shall pay, as liquidated damages in respect of the JEA's stranded cost, an amount equal to the monthly kW demand charge times the customer's average billing demand for the most recent 12 months for each of the remaining months of the contract term.
- Terms and Conditions
- (a) Service hereunder shall be subject to the Rules and Regulations of the Jacksonville Electric Authority.
  - (b) At the option of the customer this five percent (5%) discount may be used for funding certain electric and electric-related infrastructure at the customer's service location.



GSXLD  
 Revenue Code \_\_

RIDER GSXLD

**GENERAL SERVICE EXTRA LARGE DEMAND**

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Available In all territory served by the Jacksonville Electric Authority.

Applicable To any customers who have executed a ten (10) year General Service Extra Large Demand Electric Service Agreement with JEA and whose existing account is no less than 25,000 kW demand or whose existing multiple accounts in aggregate are no less than 25,000 kW demand. Resale of energy purchased under this rate schedule is not permitted.

Character of Service JEA's standard voltage levels.

Rate Per Month For customers executing an General Service Extra Large Demand Electric Service Agreement the charges per month listed below will apply to the customer's respective accounts unless the customer elects to totalize. Combined accounts under contract will be subject to the rates listed under the heading "Rates per Month for Combined Accounts".

Rates for Contracted Accounts under Rate Schedules GS, GSD and GSLD:

	<u>GSXLD-GS</u>	<u>GSXLD-GSD</u>	<u>GSXLD-GSLD</u>
Customer Charge per month	\$6.50	\$50.00	\$200.00
Demand Charge per kW	Not Applicable	\$5.20	\$6.75
Energy Charge per kWh	3.84 cent	1.865 cent	1.20 cent
Fuel Charge	See Sheet No. 5.0	See Sheet No. 5.0	See Sheet No. 5.0
Energy Only Charge per kWh	Not Applicable	4.608 cent	Not Applicable
Excess kVar Charge per Excess kVar	Not Applicable	Not Applicable	\$1.00

(Continued to Sheet No. 16.21)

(Continued from Sheet No.16.20)

Rate per Month for Combined Accounts:

Customer Charge: \$ 1,000.00 per month

Demand Charge: \$6.75 per kW

Energy Charge : 1.2 cent per kWh plus the applicable Fuel Charge

Excess Reactive Demand Charge: \$1.00 per kVar of Excess Reactive Demand.

Site Fee: \$50.00 per site

Street Lighting and Traffic Signals

Street lighting and traffic signal accounts shall receive a 10% discount from their electric bill. The discount will be applied to the total lighting electric bill before the application of any credits, penalties, service charges, or taxes if applicable.

Fuel Charge

As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0).

Minimum Bill

Will be the applicable Customer Charge as listed above.

Multiple Account Option

Customers with two (2) or more existing accounts with an Aggregate Load totaling 25,000 kW or more are eligible for service under this rate schedule. The accounts will be combined according to the terms and conditions of JEA's Multiple Account Load Factor Improvement Rider.

Definition of Aggregated Load

The sum of the highest billing demands for each account for the past 12 months.

(Continued to Sheet No.16.22)

(Continued from Sheet No. 16.21)

Determination of  
Billing Demand

The Billing Demand for the month shall be either the totalized or the non-totalized maximum integrated 15-minute metered kW demand in the month.

Determination of  
Reactive Demand

Where there is an indication of a power factor of less than ninety percent (90%) lagging, the Jacksonville Electric Authority may, at its option, install metering equipment to measure for Excess Reactive Demand. The Excess Reactive Demand shall be the amount by which the maximum 15-minute recorded kVar during the month exceeds fifty percent (50%) of the maximum measured kW demand during the same period. The Jacksonville Electric Authority will not back bill an account if it is found to have been undercharged for kVar due to Jacksonville Electric Authority error.

Primary Service  
Discounts

A discount of \$.50 per kW of Billing Demand and .1 cent per kWh will be allowed for service taken at 4,160 volts or higher, but less than 69,000 volts, when the customer provides all the equipment required to take service at the Authority's existing primary lines.

Transmission  
Service Discount

A discount of \$1.53 per kW of Billing Demand and .2 cent per kWh will be allowed for service taken at 69,000 volts or higher, when the customer provides all the equipment required to take service at the Authority's existing transmission lines.

Term of  
Service

Service under this rider shall be for a minimum initial term of 10 years from the commencement of service. Customers desiring to terminate service under this rate schedule after the initial five (5) years will be required to give the JEA a minimum of sixty (60) months notice prior to the transfer to JEA's standard rates, or if allowed by law, receive service from another provider of electricity. Should the customer elect to terminate the General Service Extra Large Demand Electric Service Agreement with JEA with less than the required five (5) years' notice, the customer shall pay, as liquidated damages in respect of the JEA's stranded cost, an amount equal to the monthly kW demand charge times the customer's average billing demand for the most recent 12 months for the remainder of the contract term.

(Continued to Sheet No. 16.23)

(Continued from Sheet No. 16:22)

Terms and  
Conditions

- (a) Service hereunder shall be subject to the Rules and Regulations of the Jacksonville Electric Authority.
- (b) The customer may not purchase electricity from another entity during the period the accounts are under contract.
- (c) The customer must maintain a minimum aggregate load of 25,000 kW in a 12 month period to remain eligible for this rate.

LDI  
Revenue Code

RIDER LDI  
LOAD DENSITY IMPROVEMENT RIDER  
(EXPERIMENTAL)

Available To new and existing customers receiving service in Planning Districts 3 East, 4 West, 5 West, 6 and 7 served by the Jacksonville Electric Authority.

Applicable To new or existing customers who have executed a ten (10) year Load Density Improvement Electric Service Agreement with JEA and whose new or modified account qualifies for electric service under Rate Schedule GSD, GSDT, GSLD, and GSLDT. Application to commence service under this Rider after October 1, 2000, will not be accepted. Resale of energy purchased under this rate schedule is not permitted.

Character of Service JEA's standard voltage levels.

Rate Per Month Customers executing a Load Density Improvement Electric Service Agreement shall receive an adjustment based on the percentages listed below. For new customers, the discount will be applied to the total electric bill before the application of any credits (primary service and transmission service discounts), penalties, service charges, Gross Receipts Tax or other applicable taxes including franchise fees. For existing customers, the discount will only be applied to the incremental load as defined in "Definition of Incremental Load."

Months 1- 12	25 Percent
Months 13- 24	15 Percent
After Month 24	5 Percent

Term of Service Service under this rider shall be for a minimum initial term of seven (7) years from the commencement of service. Customers desiring to terminate service under this rider, after the initial term, will be required to give the JEA a minimum of thirty-six (36) months notice.

(Continued to Sheet No.16.31)

(Continued from Sheet No. 16.30)

Definition of  
New and

Existing Customer

A customer will be considered a new customer provided its meter is set or service is put in its name after May 21, 1996. A name change or other superficial change at an existing location, whereby the ownership and control over the premises are not changed, will not be considered as a new customer. An applicant shall also be considered a new customer if the applicant can demonstrate that an existing facility has not been in operation for at least twelve months. All customers who are not new customers will be considered existing customers. Existing customers will be eligible for this rider when the customer materially increases its use on or after May 22, 1996.

## Definition of

Incremental Load

The portion of the customer's load which has materially increased as a result of expansion. A material increase can be the result of: (1) An increase in electrical usage of at least twenty-five percent (25%), (2) Adding a minimum of 500kW to the existing load, (3) Adding twenty-five full time jobs,

## Definition of

Base Load

JEA will establish a twelve month base usage period for each qualifying customer. Such base usage will reflect, by month, the billed kW demand and kWh consumption for the 12 month period immediately preceding the customer's application for service.

Terms and  
Conditions

- (a) Service hereunder shall be subject to the Rules and Regulations of the Jacksonville Electric Authority.
- (b) The existing customer shall notify JEA in writing of a material increase in electric service. If for the next three consecutive months or any three consecutive months in the twelve months preceding the application, each month's usage exceeds the usage in the preceding year by at least twenty-five percent (25%), or if a minimum load of 500 kW is added, then the customer will be eligible to receive service under this Rider following approval of the application. The existing customer may also be eligible for service under this rider if twenty-five permanent jobs are added. Each full time employee, as reported on Department of Labor quarterly form ES202 filed with the Florida Department of Labor, will constitute one job.
- (c) Service under this rider shall not be available where the service is furnished solely or predominately for telephone booths, telecommunication local distribution facilities, cable television or similar structures or locations, for multi-tenanted residential buildings, or service defined as "Temporary", for residential-type premises where the account is in the name of a non-residential entity, such as apartments for renting purposes and for corporations.

Jacksonville Electric Authority

IS  
Revenue Code \_\_\_\_\_

**RIDER IS**  
**INTERRUPTIBLE SERVICE RIDER**  
**(EXPERIMENTAL)**

Available In all territory served by the Jacksonville Electric Authority (JEA).

Applicable To customers eligible for Rate Schedules GSLD or GSLDT who have executed an Interruptible Service Agreement with JEA. JEA reserves the right to limit the total load served under this rider. Application to commence service under this rider after October 1, 2000 will not be accepted. All service hereunder will be rendered through a single metering installation and may be completely interrupted by the JEA. Resale of energy purchased under this rate schedule is not permitted.

Character of Service JEA's standard voltage levels.

Limitation of Service Interruptible service under this rider is subject to interruption during any time period that electric power and energy delivered hereunder from the JEA's available generating resources is required to a) maintain service to the JEA's firm power customers and firm power sales commitments, or b) supply emergency Interchange service to another utility for its firm load obligations only, or c) when the price of power available to JEA from other sources exceeds 30 cents per kWh.

Rate Per Month The charge per month shall consist of the total of the customer, demand and energy charge as follows:

Customer Charge:

\$ 400.00 per month

(Continued to Sheet No. 16.41)

(Continued from Sheet No. 16.40)

The customer may elect either of the following two price options:

**Option A - Single Price with Peaking Price Rolled- In:**

Demand Charge:

\$3.43 per kW for all kW of Billing Demand.

Energy Charge:

0.971 cent per kWh plus applicable Fuel Charge

**Option B - Peak Price Separately Listed:**

Demand Charge:

\$3.43 per kW for all kW of Billing Demand.

Energy Charge:

0.721 cent per kWh plus applicable Fuel Charge

Peaking Price:

7.721 cent per kWh plus applicable Fuel Charge

Everyday customers will be notified electronically by 4:00 p.m. Eastern Time of the time periods the "peaking price" will be in effect for the following day. Customers are required to notify JEA by 5:00 p.m. Eastern Time on the day of scheduled communication if the prices are not received.

Excess Reactive Demand Charge:

\$1.00 per kVar of Excess Reactive Demand.

Fuel Charge

As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0).

Minimum Bill

\$400.00 Customer Charge.

Determination of Billing Demand

The Billing Demand for the month shall be the maximum integrated 15-minute metered kW demand in the month.

(Continued to Sheet No. 16.42)



(Continued from Sheet No. 16.41)

<u>Definition of Interruptible Service</u>	Interruptible Service is electric service that can be interrupted either automatically or manually at the discretion of the JEA.
<u>Definition of Peaking Price</u>	The JEA will activate the Peaking Price when JEA's marginal price meets or exceeds JEA's Combustion Turbine Price as listed in JEA's monthly Schedule A interchange report.
<u>Determination of Excess Reactive Demand</u>	Where there is an indication of a power factor of less than 90% lagging, the Jacksonville Electric Authority may, at its option, install metering equipment to measure for Excess Reactive Demand. The Excess Reactive Demand shall be the amount by which the maximum 15-minute recorded kVar during the month exceeds 50 percent of the maximum measured kW demand during the same period. The JEA will not backbill an account if it is found to have been undercharged for kVar due to JEA error.
<u>Primary Service Discounts</u>	A discount of \$.50 per kW of Billing Demand and 0.1 cent per kWh will be allowed for service taken at 4,160 volts or higher, but less than 69,000 volts, when the customer provides all the equipment required to take service at the Authority's existing primary lines.
<u>Transmission Service Discount</u>	A discount of \$1.53 per kW of Billing Demand and 0.2 cent per kWh will be allowed for service taken at 69,000 volts or higher, when the customer provides all the equipment required to take service at the Authority's existing transmission lines.
<u>Term of Service</u>	Service under this rider shall be for a minimum initial term of 3 years from the commencement of service. Customers desiring to terminate service under this rate schedule and/or transfer to a firm rate schedule are required to give the JEA a minimum of thirty-six (36) months notice prior to the transfer. The JEA may waive this notice requirement upon JEA's determination that there is sufficient capacity to provide firm service to the customer and that allowing the customer to receive firm service will have no adverse effect on the JEA's availability of providing firm service to JEA's existing and projected firm customers for the early termination period.
<u>Buy-Through Provision</u>	Customers served under this schedule may elect to have the JEA minimize interruptions as described in "limitation of service" by purchasing power and energy from other sources during periods of normal interruption. Such election must be made in writing to the JEA and shall be in effect until such time that the JEA is notified in writing that the customer no longer desires this optional provision. (continued)

(Continued to Sheet No. 16.43)

(Continued from Sheet No.16.42)

Buy-Through  
Provision (cont'd)

Should JEA not be able to arrange Buy-Through power, then the customer may, at its option, arrange for reliable delivery to JEA of the amount of power JEA has interrupted. The customer must notify the JEA of the power provider in sufficient time for the JEA to establish a contract with the provider, if none exists. When the JEA or the customer is successful in making such purchases, the customer will be required to pay JEA's cost of such purchase plus 3 mil per kWh, in lieu of the otherwise applicable energy charge listed in this schedule.

Terms and  
Conditions

- (a) Service will be made available under this rate schedule upon the execution of an Interruptible Service Agreement accompanied by payment of deposit or bond if required by the Authority.
- (b) Service hereunder shall be subject to the Rules and Regulations of the JEA.
- (c) JEA reserves the rights to modify terms and conditions of service under this rate schedule at any time and may terminate this schedule upon six (6) months written notice after having held a public hearing.
- (d) Customers taking service under another rate schedule who elect to transfer to this rate will be accepted on a first-come first-served basis. Required equipment will be installed accordingly, subject to availability. Service under this rate schedule shall commence with the first full billing period following the date of equipment installation.
- (e) The JEA reserves the right to interrupt electric service once each calendar year, upon 30 days advance notice or at a mutually agreed upon date and time, in order to test the availability and operability of interruptible capacity irrespective of JEA system capacity availability or operating conditions.
- (f) A customer electing the commencement of service, under this tariff, will be able to cancel interruptible service at any time between the period of October 1, 1996 to December 31, 1997 and return to JEA's standard rate schedule. After this initial period, the customer will be required to give JEA three (3) years notice to transfer, as further described in "Term of Service".

CS  
Revenue Code \_\_\_

RIDER CS  
CURTAILABLE SERVICE  
(EXPERIMENTAL)

Available In all territory served by the Jacksonville Electric Authority (JEA).

Applicable To customers eligible for Rate Schedules GSLD or GSLDT who have executed a Curtailable Service Agreement with JEA. The customer agrees during a period of requested curtailment to curtail a minimum load of 200 kW. All service hereunder will be rendered through a single metering installation. Resale of energy purchased under this rider is not permitted. JEA reserves the right to limit the total load served under this rider. Application to commence service under this rider after October 1, 2000 will not be accepted.

Character of Service JEA's standard voltage levels.

Limitation of Service Curtailable service under this rate schedule is subject to curtailment during any time period that electric power and energy delivered hereunder from the JEA's available generating resources is required to a) maintain service to JEA's firm power customers and firm power sales commitments, or b) supply emergency interchange service to another utility for its firm load obligations only, and c) when the price of power available to JEA from other sources exceeds 30 cents per kWh.

Rate Per Month The following charges are applicable to the curtailable portion of the customer's load only. The kW demand and kWh consumption not exceeding the Contracted Non-Curtailable demand shall be billed according to the terms and conditions of JEA's standard General Service Large Demand Rate Schedule.

Customer Charge:

\$ 400.00 per month

(Continued to Sheet No. 16.51)

(Continued from Sheet No. 16.50)

The customer may elect either of the following two price options:

**Option A - Single Price with Peaking Price Rolled-In:**

**Demand Charge:**

\$5.06 per kW for all kW of Billing Demand.

**Energy Charge:**

0.971 cent per kWh plus applicable Fuel Charge

**Option B - Peaking Price Separately Listed:**

**Demand Charge:**

\$5.06 per kW for all kW of Billing Demand.

**Energy Charge:**

0.721 cent per kWh plus applicable Fuel Charge

**Peaking Price:**

7.721 cent per kWh plus applicable Fuel Charge

Everyday customers will be notified electronically by 4:00 p.m. Eastern Time of the time periods the "peaking price" will be in effect for the following day. Customers are required to notify JEA by 5:00 p.m. Eastern Time on the day of scheduled communication if the prices are not received.

**Excess Reactive Demand Charge:**

\$1.00 per kVar of Excess Reactive Demand.

**Fuel Charge**

As stated in the Fuel and Purchased Power Cost Recovery Charge Policy (Sheet No. 5.0).

**Minimum Bill**

\$400.00 Customer Charge.

**Definition of Billing Demand**

The Billing Demand for the month shall be the maximum integrated 15-minute metered kW demand in the month.

**Definition of Curtailable Service**

Curtailable Service is the electric service that can be reduced or interrupted upon request of the JEA but solely at the discretion of the customer.

(Continued to Sheet No. 16.52)

(Continued from Sheet No.16.51)

Definition of Contracted Non-Curtailable Demand

The Contracted Non-Curtailable Demand for the month shall be the maximum integrated 15-minute metered kW demand that the Customer shall have requested and the JEA shall have agreed to supply.

Definition of Peaking Price

JEA will activate the Peaking Price when JEA's marginal price meets or exceeds the JEA's Combustion Turbine Price as listed in the monthly Schedule A interchange report.

Determination of Reactive Demand

Where there is an indication of a power factor of less than 90% lagging, the Jacksonville Electric Authority may, at its option, install metering equipment to measure for Excess Reactive Demand. The Excess Reactive Demand shall be the amount by which the maximum 15-minute recorded kVar during the month exceeds 50 percent of the maximum measured kW demand during the same period. The JEA will not backbill an account if it is found to have been undercharged for kVar due to JEA error.

Primary Service Discounts

A discount of \$.50 per kW of Billing Demand and .1 cent per kWh will be allowed for service taken at 4,160 volts or higher, but less than 69,000 volts, when the customer provides all the equipment required to take service at the Authority's existing primary lines.

Transmission

A discount of \$1.53 per kW of Billing Demand and .2 cent per kWh will be allowed for service taken at 69,000 volts or higher, when the customer provides all the equipment required to take service at the Authority's existing transmission lines

Term of Service

Service under this rate schedule shall be for a minimum initial term of 3 years from the commencement of service. Customers desiring to terminate service under this rider and/or transfer to a firm rate schedule, are required to give the JEA a minimum of thirty-six (36) months notice prior to the transfer. The JEA may waive this requirement upon JEA's determination that there is sufficient capacity to provide firm service to the customer and that allowing the customer to receive firm service will have no adverse effect on the JEA's availability of providing firm service to JEA's existing and projected firm customers for the early termination period.

(Continued to Sheet No. 16.53)

(Continued from Sheet No. 16.52)

Terms and  
Conditions

- (a) Service will be made available under this rider upon execution of a Curtailable Service Agreement accompanied by payment of deposit or bond as required by the Authority.
- (b) Service hereunder shall be subject to the Rules and Regulations of the JEA.
- (c) JEA reserves the rights to modify terms and conditions of service under this rate schedule at any time and may terminate this rider upon 30 days written notice after having held a public hearing.
- (d) If the customer increases the electrical load, which requires the JEA to increase facilities installed for the specific use of the customer, an additional term of service may be required under this rate at the discretion of the JEA.
- (e) Customers taking service under another rate schedule who elect to transfer to this rate will be accepted on a first-come first-served basis. Required equipment will be installed accordingly, subject to availability. Service under this rate schedule shall commence with the first full billing period following the date of equipment installation.
- (f) If the maximum 15 minute kW demand established during any period of requested curtailment exceeds the customer's non-curtailable demand, the amount above the non-curtailable demand will be rebilled based on the difference in charges between JEA's GSLD rate and the CS rate for the prior 12 months or the number of months since the prior curtailment period, whichever is less plus a penalty charge of \$ 15.00 per kW for the current month. JEA's current credit and collection policy will be applied for any adjustment made to the bill.

Buy-Through  
Provision

Customers served under this rider with a curtailable load of 1,000 kW or more, may elect to have the JEA minimize interruptions as described in "limitation of service" by purchasing power and energy from other sources during periods of normal interruption. Such election must be made in writing to the JEA and shall be in effect until such time that the JEA is notified in writing that the customer no longer desires this optional provision. Should JEA not be able to arrange Buy-Through power, then the customer may, at its option, arrange for reliable delivery to JEA of the amount of power JEA has interrupted. The customer must notify the JEA of the power provider in sufficient time for the JEA to establish a contract with the provider, if none exists. When the JEA or the customer is successful in making such purchases, the customer will be required to pay JEA's cost of such purchase plus 3 mil per kWh, in lieu of the otherwise applicable energy charge listed in this schedule.