

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

MEMORANDUM

JANUARY 23, 1997

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

FROM: DIVISION OF ELECTRIC & GAS (BERG) ^{WBB} ^{RVE}
DIVISION OF LEGAL SERVICES (KEATING) ^{WOK} ^{RVE} ^{JOJ}

RE: DOCKET NO. 961483-EI

AGENDA: 2/4/97 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: 60 DAY SUSPENSION DATE - FEBRUARY 11, 1997

SPECIAL INSTRUCTIONS: I:\PSC\EAG\WP\961483.WBB

CASE BACKGROUND

By Order No. PSC-95-0256-FOF-EI, issued February 23, 1995, the Commission approved Gulf Power Company's (Gulf) request to implement an experimental real time pricing tariff, rate schedule (RTP). In approving the RTP tariff, the Commission outlined certain provisions governing service under the RTP tariff. These provisions were further clarified by Order No. PSC-95-1155-FOF-EI which determined the appropriate treatment of revenues and costs associated with the RTP rate schedule. One of the provisions approved by the Commission limited participation in the RTP program to 12 customers. On December 13, 1996, Gulf petitioned the Commission to modify the maximum number of customers eligible to participate in the RTP program from 12 to 24 (Attachment A). In its petition, Gulf did not request to change any of the remaining provisions which govern service under the RTP tariff.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Gulf Power's request to increase the maximum number of customers eligible to participate in the company's experimental real time pricing program from the current limit of 12 customers to a new limit of 24 customers?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Two years into Gulf's experimental program, Gulf has fully subscribed participation in the RTP tariff. Gulf Power feels, however, that the results of the experiment can be improved by increasing the number of customers eligible for service under

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the tariff. Gulf makes this assertion because it feels that a larger customer base will allow Gulf to determine if hourly prices have a more general application across a broader group of customer types. As such, Gulf is seeking Commission approval to increase the maximum number of customers eligible for service under the RTP tariff.

Gulf's request appears to be reasonable. In its petition, Gulf did not request to change any of the other provisions of the experimental RTP program. These provisions, which are outlined in the body of Order Nos. PSC-95-0256-FOF-EI and PSC-95-1155-FOF-EI, will continue to protect the remaining body of ratepayers from potential abuse even if the maximum number of eligible customers is increased from 12 to 24. These provisions include a prohibition of cost recovery through the Energy Conservation Cost Recovery clause associated with the experiment and miscellaneous filing requirements. In addition, service under the experimental rate schedule will terminate on December 31, 1998, unless extended by order of the Commission. If the Commission does not approve a permanent RTP program, customers will be returned to the otherwise applicable rate schedule at the end of the experiment. For these reasons, staff recommends that Gulf's petition be approved.

ISSUE 2: If approved, when should the new tariff changes take effect?

RECOMMENDATION: The effective date should be the date of the Commission vote approving the new tariff. The approved tariff should remain in effect pending resolution of any protest that may be filed.

STAFF ANALYSIS: The petitioner has requested that the tariff become effective at the time of the Commission vote. The staff agrees with the requested effective date. If the approved tariff is protested, staff recommends that the tariff remain in effect pending resolution.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If no substantially affected person files a protest within 21 days of the issuance of the order, the docket should be closed. If a protest is filed within 21 days from the issuance date of the order, the tariff should remain in effect with any increase held subject to refund, pending resolution of the protest.

STAFF ANALYSIS: If no substantially affected person files a protest within 21 days of the issuance of the order, the docket should be closed. If a protest is filed within 21 days from the issuance date of the order, the tariff should remain in effect with any increase held subject to refund, pending resolution of the protest.

GULF POWER COMPANY

RATE SCHEDULE RTP Limited Availability Experimental Rate (Real Time Pricing)

AVAILABILITY - Availability is limited to 24 customers eligible for Rate Schedules LP, LPT, PX, PXT, or SBS with loads not less than 2,000 kilowatts (KW). Availability is further limited to those customers selected by the Company and volunteering to participate in the Company's Real Time Pricing pilot study.

Service under this experimental schedule shall terminate on December 31, 1998, unless extended by order of the Florida Public Service Commission.

APPLICABILITY - Applicable for three phase service on an annual basis covering the entire electrical requirements of any customer whose actual measured demand is not less than 2,000 kilowatts (KW). Service to two or more premises shall not be combined nor shall service furnished hereunder be shared with or resold to others. All service shall be taken at the same voltage, from a single delivery point, and shall be measured by a single meter.

CHARACTER OF SERVICE - The delivery voltage to the Customer shall be the standard secondary voltage of the Company's transformers supplied from the transmission lines of the Company or the voltage of the available secondary distribution lines of the Company for the locality in which service is to be rendered.

MONTHLY RATES -

Customer Charge: \$1,000.00

Energy Charge: The RTP hourly energy prices are derived using the day ahead projection of Southern System Lambdas adjusted to recognize embedded costs. This price is determined as follows:

$$P = \lambda \times M + D$$

Where,

"P" = hourly price in ¢/KWH

"λ" = Southern Company territorial system Lambda, projected a day ahead for each hour of the day

"M" = multiplier which is used to adjust λ to recognize embedded costs

"D" = constant amount of 0.25¢/KWH added to each hourly price