

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of ) DOCKET NO. 961491-EQ  
special contract with Indian ) ORDER NO. PSC-97-0524-FOF-EQ  
River Foods, Inc. by Ft. Pierce ) ISSUED: May 7, 1997  
Utilities Authority. )  
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The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING SPECIAL CONTRACT

BY THE COMMISSION:

By letter dated December 6, 1996, Fort Pierce Utilities Authority (FPUA) requested our approval of a special contract signed by FPUA and Indian River Foods, Inc. (IRF). The contract will reduce IRF's average kilowatt hour cost of electricity by 20% as compared to the average rate billed to IRF during the 12-month period of November 1, 1995 to October 31, 1996. The contract rate was derived by dividing the total amount billed to IRF (excluding sales tax) by the total billed kWh for the above period. The resulting average kWh rate of \$0.06959 was then reduced by 20% to establish the contract rate of \$0.05567 per kWh.

The initial term of the contract is five years from the effective date, November 1, 1996. At the option of both parties and upon 60 days' written notice, the contract may be extended for two additional periods of one year.

The special contract provides that FPUA will submit a monthly bill to IRF based on the standard rate schedule applicable to each of IRF's eleven metering points. Within 15 days following each monthly billing period, FPUA will refund the appropriate amount necessary to achieve the contract rate. During the term of the agreement, if FPUA's rates applicable to IRF are reduced by more than 10% below the rates in effect on the effective date of the agreement, FPUA agrees at IRF's request to negotiate an amendment to the agreement.

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Prior to entering into the special contract, IRF informed FPUA that it was considering utilizing cogeneration for its energy needs. If IRF had pursued cogeneration, FPUA would have lost its largest customer, representing approximately \$1.3 million in revenues. FPUA states that as a result of this contract, IRF will remain on its system and will contribute to fixed costs that would be paid by FPUA's other ratepayers if IRF was not served by FPUA.

While recognizing that the establishment of the contract rate is a departure from accepted cost allocation methodologies, we approve the contract because FPUA is not proposing to recover any shortfall arising from this contract from the rest of its ratepayers. We give deference to FPUA's request because the rate level of municipal utilities is not within our jurisdiction. If at some later date, FPUA seeks to recover any revenue shortfalls from its other customers, this issue will be addressed at that time.

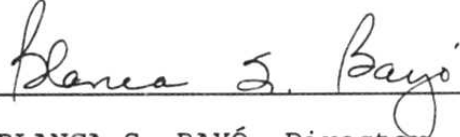
Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that the contract between Fort Pierce Utilities Authority and Indian River Foods, Inc. is hereby, approved. It is further

ORDERED that if a protest is filed in accordance with the procedure in the Notice of Further Proceedings set forth below, the contract shall remain in effect pending resolution of the protest.

ORDERED that if no protest is filed in accordance with the procedure in the Notice of Further Proceedings set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 7th day of May, 1997.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

VDJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 28, 1997.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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 on the date described above, any party adversely 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 date this Order becomes final, 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.