

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

SEPTEMBER 11, 1997

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

FROM: DIVISION OF LEGAL SERVICES (JAYE, ELIAS) RUE TB JDJ
DIVISION OF ELECTRIC AND GAS (BASS, BREWER, BOHRMANN)

RE: DOCKET NO. 970512-EU - PETITION TO RESOLVE TERRITORIAL
DISPUTE WITH CLAY ELECTRIC COOPERATIVE, INC. IN BAKER
COUNTY BY FLORIDA POWER & LIGHT COMPANY

AGENDA: 09/23/97 - REGULAR AGENDA - DECISION PRIOR TO HEARING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\LEG\WP\970512.RCM

CASE BACKGROUND

On April 29, 1997, Florida Power & Light Company (FPL) filed a petition to resolve a territorial dispute between FPL and Clay Electric Cooperative, Inc. (Clay) in Baker County. FPL alleges that both FPL and Clay currently provide retail electric service to customers within an area of Baker County where River City Plastics Inc. (River City) is in the process of constructing a manufacturing facility. FPL states that the River City plant will be located immediately adjacent to an existing FPL industrial customer. FPL asserts that its distribution facilities, which can serve River City, are closer than comparable facilities owned by Clay.

On July 10, 1997, FPL filed a Motion to Award Interim Service during the pendency of the dispute proceeding. In its motion, FPL alleges that the interim service currently provided by Clay is or will be insufficient to meet the demands of the customer when River City begins operations. FPL asserts that it should be awarded the interim service to River City in order to give the customer more reliable electric service at less cost. On July 17, 1997, Clay

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filed a Motion in Response to Florida Power & Light's Motion to Award Interim Service. In this motion, Clay denied that its service is insufficient to accommodate River City's needs at the start-up date. Clay also claims that FPL's motion sought to have the Commission order interim service which could effectively amount to a de facto Commission award of the customer to FPL.

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DISCUSSION OF ISSUES

ISSUE 1: Should FPL's Motion to Award Interim Service be granted?

RECOMMENDATION: No. Clay is already supplying temporary power to the site for site development. Awarding interim service to FPL at this juncture could result in uneconomic duplication of electrical facilities.

STAFF ANALYSIS: In paragraph two of its Motion to Award Interim Service, FPL claims that Clay can not provide adequate interim electrical service to the River City facility as economically as can FPL.

In paragraph three of its Motion, FPL claims that it can supply interim service to River City by "simply constructing a short overhead line" approximately ½ mile at a cost of \$51,936.00. To change from Clay Electric Cooperative which is already serving the temporary needs of the site by a basic service line to FPL would incur a cost of \$51,936.00, an unnecessary expense under the circumstances.

Further, FPL claims that should River City require more than basic service, FPL would require CIAC based on the incremental cost of the facilities to be installed. FPL justifies this cost by suggesting that it is "substantially below" the similar costs of Clay to provide the same service to River City. Not only does this argue facts which the Commission does not have before it, it ignores the fact that Clay is providing basic service now. To order a change to FPL for temporary and/or interim service would likely result in CIAC charges in anticipation of an outcome yet to be determined at hearing. Any utility awarded interim service must absorb the cost of providing the service to the customer and must absorb the cost of removing the service if the utility does not retain the customer permanently.

In paragraph four, FPL claims that whoever is awarded temporary service should install transformer pads which will accommodate the differences between the two utilities' transformer standards. Clay has advised staff that the concrete pads which have been installed are standard pad mounts which will accommodate any transformer for the load required by River City. This issue is, therefore, moot. As a result, either utility can install their transformers if awarded service.

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In its response to FPL's Motion to Award Interim Service, Clay asserts that FPL attempts to resolve the question of who will ultimately serve River City. Clay further alleges that FPL's motion ignores the character and quality of service required by River City.

The issue of which utility will serve River City is the subject of the Hearing set for October 27, 1997. FPL has not shown in its motion that the temporary service provided to this customer is inadequate. Staff notes that River City initially requested service from Clay and has not sought any transfer to FPL. Granting the motion tends to presume the resolution of several issues which will be decided at the Hearing.

In this situation, as Clay asserts, "the customer is not suffering for want of electric service." As the site is already electrified, there is no benefit to be gained by requiring a change in interim service provider from Clay to FPL. Therefore, staff recommends that FPL's Motion to Award Interim Service be denied.

ISSUE 2: Should Docket No. 970512-EI be closed?

RECOMMENDATION: No. This docket should remain open pending the Prehearing set for October 15, 1997, and the Hearing set for October 27, 1997.

STAFF ANALYSIS: The resolution of this motion is not dispositive of the territorial dispute between the two entities. This docket should remain open pending the Prehearing set for October 15, 1997, and the Hearing set for October 27, 1997.