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M E M O R A N D U M

January 22, 1998

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

FROM: DIVISION OF ELECTRIC & GAS (GING) *JWJ*
DIVISION OF LEGAL SERVICES (CRUZ-BUSTILLO) *JCB RVL*

RE: DOCKET NO. [REDACTED] - KISSIMMEE UTILITY AUTHORITY
PETITION FOR APPROVAL OF LONG-TERM LARGE DEMAND ELECTRIC
SERVICE AGREEMENT BY KISSIMMEE UTILITY AUTHORITY

AGENDA: 02/03/98 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\971597EM.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Kissimmee Utility Authority's (KUA) proposed Long-Term Large Demand Electric Service Agreement?

RECOMMENDATION: Yes, the Commission should approve KUA's Long-Term Large Demand Electric Service Agreement.

STAFF ANALYSIS: On November 4, 1997 KUA filed a new Long-Term Large Demand Electric Service Agreement. The rate is available to those customers who qualify under KUA's existing General Service Large Demand rate schedule (GSLD). Applicability under this and the GSLD rate schedule requires that the customer's demand be 500 kW or more for two or more months out of the 12 consecutive months ending with the current billing period. In addition, the customer must maintain a 60% monthly load factor which will be reviewed by KUA periodically. A 15% discount off of the GSLD rate shall apply to those customers who qualify and agree to take service under the agreement for a period of 10 years.

KUA does not propose to raise its rates to other classes of customers to make up the revenue shortfall. In fact, KUA reduced its rates across the board on October 1, 1997.

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is under increasing pressure from its larger customers to offer better rates or risk losing them to competing energy providers as the industry moves closer towards a competitive environment. The Commission has recently approved tariff offerings of this type filed by the City of Lakeland, Fort Pierce Utility Authority, the City of Homestead, Gulf Power Company, Jacksonville Electric Authority, and Gainesville Regional Utilities.

Since the Commission does not regulate the revenue requirement or rate level of a municipal utility, any shortfall in total utility revenues would not be subject to Commission review except to how it was collected from existing ratepayers. Staff recommends approval of the proposed tariffs based on the Commission's limited jurisdiction over municipalities and the recent approvals of similar tariffs.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no timely protest is filed, this docket should be closed.

STAFF ANALYSIS: 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.