



# 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-

**DATE:** AUGUST 19, 1999

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYD)

**FROM:** DIVISION OF ELECTRIC AND GAS (DRAPER) EJD  
DIVISION OF LEGAL SERVICES (COLLINS) RC RUE

**RE:** DOCKET NO. 990894-EI - PETITION BY FLORIDA POWER CORPORATION FOR APPROVAL OF REVISED RATE SCHEDULE LS-1, LIGHTING SERVICE, TO PROVIDE AN UP-FRONT PAYMENT OPTION IN LIEU OF MONTHLY FIXTURE AND POLE CHARGES, AND A RELATED STANDARD FORM CONTRACT.

**AGENDA:** 8/31/99 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: 9/7/99

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\EAG\WP\990894.RCM

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### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission approve Florida Power Corporation's (FPC) Petition for approval of revised rate schedule LS-1, Lighting Service, to provide an up-front payment option in lieu of monthly fixture and pole charges, and a related standard form contract.

**RECOMMENDATION:** Yes. (Draper)

**STAFF ANALYSIS:** FPC has proposed to allow street and outdoor lighting customers leasing decorative fixtures and poles under FPC's LS-1 rate schedule to make a one-time up-front lump sum payment in lieu of monthly fixture and pole charges.

Customers choosing the up-front payment option will be required to sign an Up-Front Lease Agreement (agreement) in lieu of

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the standard form agreement otherwise required for lighting service under the LS-1 rate. The agreement provides for an initial term of ten years. After that the customer has the option of signing another 10-year agreement and paying a lump-sum payment, or pay the then-effective monthly fixture and pole charges as required under the LS-1 rate. The up-front lump sum payment will be calculated based on the present value of the otherwise applicable monthly fixture and pole charges of the 10-year term of the agreement, discounted at the current interest rate paid on ten-year Treasury Notes. Customers choosing the lump sum payment option will continue to pay the applicable maintenance and energy charges for the fixtures, which is appropriate, because the up-front payment covers only the installed cost of the fixtures, and not any maintenance or energy costs.

To support its petition, FPC states that during discussions with its governmental lighting customers it has learned from several of these customers that they would prefer to have the option of paying for the fixed costs of lighting fixtures and poles through a lump sum payment option instead of the monthly payments for these facilities currently required by the LS-1 tariff. More specifically, FPC states that some cities are receiving grant money for community beautification projects. These customers would prefer to apply the grant money towards the lump sum payment.

FPC proposes a minimum up-front payment of \$50,000. FPC states that this new payment option will require special handling by billing and accounting personnel, and FPC therefore proposes to begin with a limited scope program to initially offer this payment option to customers asking for large projects targeted at community beautification. In addition, a one-time processing fee of \$1,500 will be charged to defray the costs of contract administration over the life of the agreement.

Staff believes that this optional provision as it is structured is appropriate to allow those customers who expressed an interest in an up-front payment to do so. Staff accordingly recommends that the proposed tariff revision be approved.

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**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes, if Issue 1 is approved, this tariff should become effective on August 31, 1999. If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed. (Collins)

**STAFF ANALYSIS:** At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a Consummating Order.