



**Sumter
Electric
Cooperative,
Inc.**

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COMMISSION
CLERK

July 30, 2009

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Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Dear Ms. Cole:

Please find enclosed five (5) copies of the following proposed Tariff Sheet revisions for Sumter Electric Cooperative, Inc.:

General Service	- Schedule GS	Sheet No. 7.0
Residential Service	- Schedule RS	Sheet No. 9.0

Documentation supporting the proposed revisions and one (1) copy of the revised tariff sheets in legislative format are also enclosed.

These rate revisions reflect a \$3.00 increase in the Customer Charges for the rate schedules listed above, which will better enable those charges to recover the cost of providing service to our member-consumers. These revisions were reviewed and approved by Sumter Electric Cooperative, Inc.'s Board of Trustees at their regularly scheduled meeting on July 20, 2009, with an implementation date of October 1, 2009.

During the review process, if you have any questions or require further information regarding this filing, please do not hesitate to contact me (352-793-3801; ted.purser@secoenergy.com) or Steve Shurbutt of GDS Associates, Inc. (770-425-8100; steve.shurbutt@gdsassociates.com).

COM _____
ECR _____
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* Tariff forwarded to ECR.

TJP/jr

Sincerely,

T.J. Purser
Director of Accounting & Finance

Enclosures

cc: James P. Duncan, CEO & General Manager
Steve Shurbutt, GDS Associates

A Touchstone Energy® Cooperative
The power of human connections

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DOCUMENT NUMBER - DATE

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GENERAL SERVICE - SCHEDULE GS

AVAILABILITY

Available throughout the territory served by the Cooperative in accordance with the Cooperative's Rules and Regulations for Electric Service.

APPLICABILITY

Applicable to any non-residential service for light and power purposes where monthly usage is less than 50 KW Demand and 10,000 KWH, and where the consumer's load does not meet the applicability criteria of Rate Schedule GSD.

CHARACTER AND CONDITIONS OF SERVICE

Single phase or three phase, 60 Hertz, at the Cooperative's standard available voltage. Resale of service or standby service is not permitted hereunder.

MONTHLY CHARGES

Customer Charge	
Single Phase	\$16.50
Three Phase	\$26.50
Energy Charge.....	10.415 cents per KWH

MINIMUM MONTHLY CHARGE

The minimum monthly charge for service shall be the Customer Charge.

Load Management Credit per Month: Credit will be applied to the bill of all consumers with load management switches who use 500 KWH or more per month as follows:

Electric Water Heater Controlled January-December.....	\$2.00
Electric Central Heating Controlled November-March.....	\$2.50
Electric Central Air Conditioning Controlled April-October.....	\$2.50

The \$2.00 credit for the control of the electric water heater will be applied each and every billing cycle providing the total usage on the meter is 500 KWH or more per month.

The \$2.50 credit for control of the electric central heating will only be applied five (5) months of the year providing the total usage on the meter is 500 KWH or more per month. This credit can only reflect in the November, December, January, February and March billing cycle.

The \$2.50 credit for control of the electric central air conditioning will only be applied seven (7) months of the year providing the total usage on the meter is 500 KWH or more per month. This credit can only reflect in the April, May, June, July, August, September and October billing cycle.

Continued on Sheet No. 7.1

Effective October 1, 2009
Issued by: James P. Duncan, CEO & General Manager

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



RESIDENTIAL SERVICE - SCHEDULE RS

AVAILABILITY

Available throughout the territory served by the Cooperative in accordance with the Cooperative's Rules and Regulations for Electric Service.

APPLICABILITY

Applicable to electric service used for domestic purposes in single or multiple family residences.

CHARACTER AND CONDITIONS OF SERVICE

Single phase, 60 Hertz, at the Cooperative's standard available voltage. Resale of service or standby service is not permitted hereunder.

LIMITATION OF SERVICE

Service to the electrical equipment for those participating in the Load Management Program may be interrupted at the option of the Company by means of load management devices installed on the customer's premises.

MONTHLY CHARGES

Customer Charge.....~~\$11.50~~ **14.50**
Energy Charge..... 10.415 cents per KWH

MONTHLY MINIMUM CHARGE

The minimum monthly charge shall be the Customer Charge.

LOAD MANAGEMENT CREDIT PER MONTH

Credit will be applied to the bill of all consumers with load management switches who use 500 KWH or more per month as follows:

Electric Water Heater Controlled January-December.....	\$2.00
Electric Central Heating Controlled November-March.....	\$2.50
Electric Central Air Conditioning Controlled April-October.....	\$2.50

The \$2.00 credit for the control of the electric hot water heater will be applied each and every billing cycle providing the total usage on the meter is 500 KWH or more per month.

The \$2.50 credit for control of the electric central heating will only be applied five (5) months of the year providing the total usage on the meter is 500 KWH or more per month. This credit can only reflect in the November, December, January, February and March billing cycle.

The \$2.50 credit for control of the electric central air conditioning will only be applied seven (7) months of the year providing the total usage on the meter is 500 KWH or more per month. This credit can only reflect in the April, May, June, July, August, September and October billing cycle.

Continued on Sheet No. 9.1

REQUEST FOR INCREASE IN CUSTOMER CHARGES

EFFECTIVE OCTOBER 1, 2009

Introduction

Sumter Electric Cooperative, Inc. (the “Cooperative” or “SECO”) provides electric service to approximately 168,000 member-consumers in north-central Florida. Most of those consumers are billed under rate Schedule’s RS and GS that employ a two-part monthly rate structure consisting of a Customer Charge and a flat Energy Charge. Both of the rate schedules have been in effect since October 1, 2007.

Given the continued increases in the cost of labor and materials experienced by the Cooperative in recent years, it is necessary for the Cooperative to increase its revenues to recover those cost increases and maintain a sound financial position. As described below, the Cooperative’s management and Board of Trustees believe the most appropriate way to produce the needed revenue increase is to raise the Customer Charges in those rate schedules effective October 1, 2009.

Basis for Customer Charge Increase

Raising the present Customer Charge applicable to residential and general service consumers is a reasonable, cost-based rate revision. While changes in wholesale purchased power expenses can be recovered via the Cooperative’s Wholesale Power Adjustment Clause, increased costs associated with the Cooperative’s electric distribution system have no corresponding cost recovery adjustment mechanism. Thus, the base rate components of the tariff must be revised to recover increases in

DOCUMENT NUMBER: D-11-09

labor, materials and other costs incurred by the Cooperative to deliver power and energy to its member-consumers. Since the two rate classes previously mentioned comprise the vast majority of the Cooperative's consumers, and since the Customer Charge is designed to recover a portion of distribution system costs, it is appropriate to revise that base rate component to better reflect recovery of those costs.

The Customer Charge should recover that portion of the distribution system costs related to customer-related expenses such as customer accounts (meter reading, billing, records and collection) and customer service and information (customer assistance, advertising). These expenses are labor intensive and customer service driven. They mainly vary with the number of customers served rather than the amount of the customer's energy consumption or maximum demand. The Customer Charge should also recover expenses associated with SECO owning, operating, and maintaining the customer-related portion of the Cooperative's electric distribution system. Those expenses include operations, maintenance, depreciation, and interest expense on distribution system utility plant items such as meters and service drops, and the customer-related portion of transformers, overhead and underground conductors, and poles. Those expenses are a function of the costs of both labor and materials.

Labor costs include not only wages and salaries, but overhead costs such as medical benefits as well. Since the Cooperative's present rates were implemented, these costs have increased an average of 22%. Costs have been impacted by accelerating pole inspections from a 9 year cycle to an 8 year cycle, adding an underground inspection program and increasing vegetation management in conjunction with storm hardening requirements, resulting in a 110% increase compared to the total cost of the same items two years ago.

Although growth in new consumers has slowed with the decline in the economy, the cost of construction materials has also continued to escalate. For example, the cost of a commonly installed 50 kVA pad mounted transformer has increased from \$2,045.64 in 2007 to a current cost of \$2,299.82, or 12.4%.

The effect of these and other cost increases has been understandably detrimental to the Cooperative's overall financial position, prompting the need for additional revenues.

Revision to Customer Charges

When the present Customer Charges were implemented 2 years ago, SECO's allocated cost of service study based on a calendar year 2006 test period indicated that the customer-related cost for the residential rate class was \$14.90 per month (see line 4 on page 1 of the attached exhibit from that study), which is much higher than the present charge of \$11.50. Given that disparity and the increases in the Cooperative's distribution system expenses described above, it is reasonable for the Customer Charge to be increased by \$3.00 to \$14.50.

The proposed \$3.00 increase in the Cooperative's Customer Charges is consistent with the growing trend in electric utility ratemaking to better align rates with cost of service components and to decouple recovery of fixed costs from energy charges. There are several reasons why that trend has gained momentum. First, even though allocated cost of service studies have for many years indicated that the Customer Charge component in electric utilities' retail rate schedules was far below the customer-related cost of service, electric utilities were unwilling or unable to raise their Customer Charges to a more cost-based level due to the perception that consumers would not accept such charges if they were significantly higher than they had been traditionally. Actual experience, however, has proven that perception to be incorrect. Several electric cooperatives in Florida have

implemented very large increases in the Customer Charges in their rate schedules in a relatively short period of time, without large scale opposition from their consumers. Many of those increased Customer Charges are at levels far above SECO's proposed charge of \$14.50. For example, the residential Customer Charges for Escambia River ECI and Choctawhatchee ECI are \$25.00 and \$24.00, respectively. In 2007, Gulf Coast ECI effectively doubled its residential Customer Charge, increasing it from \$10.00 to \$19.45. In addition to those three cooperatives, five other electric cooperatives in Florida currently bill Customer Charges of \$15.00 or more, which are all higher than SECO's proposed charge.

Secondly, the recovery of fixed costs via energy charges presents a generally recognized management disincentive for utilities to promote energy efficiency and conservation. One way to address this issue is to recover more of the utility's fixed costs via fixed charges, primarily the Customer Charge. The resulting improved alignment of costs and rates reduces the financial risk to utilities of encouraging energy efficiency and conservation, while providing better cost-based price signals to consumers regarding their energy use and the value of energy efficient investments.

SECO is also proposing to raise the Customer Charges in Schedule GS by \$3.00. The revised Customer Charge in Schedule GS for single phase service is \$16.50, which is much closer to the customer-related cost of \$15.91 in the Cooperative's last allocated cost of service based on a calendar year 2006 test period than the present \$13.50 Customer Charge. To maintain the current \$10.00 differential in the charges for single phase and three phase service, the revised Customer Charge in Schedule GS for three phase service is \$26.50.

UNIT COST SUMMARY

Sumter Electric Cooperative, Inc.

Twelve Months Ending December 31, 2006

Line No.	Item	Total System	Residential RS	GS Non-Dm GS	Irrigation GS	GS-TOD GST	GS Demand GSD	GSD-TOD GSDT	Coleman LGSD	GS-Inter. GSDI	Lights LS
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Present Revenue	\$277,201,072	\$209,360,711	\$18,514,662	\$2,308,950	\$6,509	\$31,132,068	\$133,957	\$4,432,700	\$6,663,850	\$4,647,665
2	Customer Costs	\$31,163,518	\$25,354,536	\$2,329,708	\$412,865	\$1,500	\$1,675,939	\$7,659	\$63,563	\$316,672	\$1,001,075
3	No. of Customers	190,053	141,851	12,205	2,021	3	757	3	1	28	33,184
4	\$/Customer/Mo.	\$13.66	\$14.90	\$15.91	\$17.02	\$41.65	\$184.49	\$212.75	\$5,296.93	\$942.48	\$2.51
5	Demand Costs - Power Cost	\$46,063,620	\$36,883,669	\$3,040,347	\$353,789	\$515	\$4,793,452	\$6,219	\$625,639	\$260,643	\$99,347
6	kWh Sales	2,626,542,876	1,891,974,681	162,649,700	19,209,006	54,695	364,584,553	2,039,703	61,110,000	97,409,940	27,510,598
7	kW NCP Demand	759,695	581,846	49,459	5,862	14	84,555	645	9,284	21,110	6,920
8	\$/kW (Power Cost)	\$5.28	\$5.12	\$5.03	\$3.07	\$4.72	\$0.80	\$5.62	\$1.03	\$1.20	
9	\$/kWh (Power Cost)	\$0.01949	\$0.01869	\$0.01842	\$0.00942	\$0.01315	\$0.00305	\$0.01024	\$0.00268	\$0.00361	
10	Demand Costs - System Cost	\$49,987,757	\$39,235,760	\$3,558,145	\$468,955	\$1,316	\$3,779,946	\$18,685	\$160,594	\$1,012,698	\$1,751,658
11	kWh Sales	2,626,542,876	1,891,974,681	162,649,700	19,209,006	54,695	364,584,553	2,039,703	61,110,000	97,409,940	27,510,598
12	kW NCP Demand	759,695	581,846	49,459	5,862	14	84,555	645	9,284	21,110	6,920
13	\$/kW (System Cost)	\$5.62	\$6.00	\$6.67	\$7.83	\$3.73	\$2.41	\$1.44	\$4.00	\$21.09	
14	\$/kWh (System Cost)	\$0.02074	\$0.02188	\$0.02441	\$0.02406	\$0.01037	\$0.00916	\$0.00263	\$0.01040	\$0.06367	
15	Energy Costs	\$154,829,456	\$111,652,131	\$9,598,535	\$1,133,592	\$3,228	\$21,515,426	\$117,166	\$3,439,784	\$5,746,097	\$1,623,498
16	kWh Sales	2,626,542,876	1,891,974,681	162,649,700	19,209,006	54,695	364,584,553	2,039,703	61,110,000	97,409,940	27,510,598
17	\$/kWh	\$0.05901	\$0.05901	\$0.05901	\$0.05901	\$0.05901	\$0.05901	\$0.05744	\$0.05629	\$0.05899	\$0.05901
18	Revenue Costs	\$324,000	\$244,063	\$21,742	\$2,717	\$8	\$37,022	\$154	\$5,032	\$7,659	\$5,603
19	kWh Sales	2,626,542,876	1,891,974,681	162,649,700	19,209,006	54,695	364,584,553	2,039,703	61,110,000	97,409,940	27,510,598
20	\$/kWh	\$0.00013	\$0.00013	\$0.00014	\$0.00014	\$0.00014	\$0.00010	\$0.00008	\$0.00008	\$0.00008	\$0.00020
21	Operating Income	(\$5,167,278)	(\$4,009,448)	(\$33,816)	(\$62,968)	(\$57)	(\$669,718)	(\$15,925)	\$138,089	(\$679,919)	\$166,485
22	kWh Sales	2,626,542,876	1,891,974,681	162,649,700	19,209,006	54,695	364,584,553	2,039,703	61,110,000	97,409,940	27,510,598
23	\$/kWh	(\$0.00212)	(\$0.00021)	(\$0.00328)	(\$0.00104)	(\$0.00184)	(\$0.00781)	\$0.00226	(\$0.00698)	\$0.00605	
Investment											
24	Total Utility Plant	\$478,983,486	\$381,338,876	\$35,544,843	\$4,875,429	\$14,288	\$27,362,068	\$108,266	\$2,111,283	\$6,070,729	\$21,557,705
25	Number of Consumers	190,053	141,851	12,205	2,021	3	757	3	1	28	33,184
26	Investment/Consumer	\$2,688	\$2,912	\$2,412	\$4,763	\$36,145	\$36,089	\$2,111,283	\$216,812	\$650	
Average Usage											
27	kWh/Cons/Mo	1,111	1,111	792	1,519	40,135	56,658	5,092,500	289,911	69	

ALLOCATED INCOME STATEMENT - REVISED

Sumter Electric Cooperative, Inc.

Twelve Months Ending December 31, 2006

Line No.	Item	Total System	Residential RS	GS Non-Dm GS	GS-TOD GST	GS Dem. GSD	Coleman LGSD	GS-TOD GSDT	GS-Intr. GSDI	Lights LS
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Operating Revenues										
1	Base	\$287,536,324	\$216,624,608	\$21,431,955	\$6,821	\$32,858,759	\$4,256,221	\$147,768	\$7,295,343	\$4,914,849
2	PCA	(\$7,036,347)	(\$5,072,352)	(\$497,960)	(\$125)	(\$977,254)	(\$161,538)	(\$4,335)	(\$251,713)	(\$71,070)
3	Load Mgt. Credit	(\$1,232,492)	(\$1,218,424)	(\$12,644)	\$0	(\$1,424)	\$0	\$0	\$0	\$0
4	Subtotal	\$279,267,485	\$210,333,832	\$20,921,351	\$6,696	\$31,880,081	\$4,094,683	\$143,433	\$7,043,630	\$4,843,779
5	Other Electric Revenue Revenue	\$9,466,145	\$7,680,827	\$611,869	\$85	\$538,891	\$274,511	\$6,884	\$335,194	\$17,884
6	Total Revenue	\$288,733,630	\$218,014,659	\$21,533,220	\$6,781	\$32,418,972	\$4,369,194	\$150,317	\$7,378,824	\$4,861,663
Operating Expenses										
7	Purchased Power	\$200,893,076	\$148,535,799	\$14,126,263	\$3,743	\$26,308,879	\$4,065,422	\$123,385	\$6,006,740	\$1,722,845
8	Other Power Supply	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Subtotal	\$200,893,076	\$148,535,799	\$14,126,263	\$3,743	\$26,308,879	\$4,065,422	\$123,385	\$6,006,740	\$1,722,845
10	Power Production	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	System Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Transmission	\$271,268	\$215,142	\$22,939	\$8	\$15,158	\$1,282	\$63	\$3,460	\$13,216
13	Distribution - Operation	\$13,528,127	\$10,949,301	\$1,070,470	\$482	\$920,918	\$30,379	\$4,743	\$305,076	\$246,757
14	Distribution - Maintenance	\$21,032,953	\$17,146,640	\$1,685,509	\$393	\$1,121,184	\$32,163	\$7,231	\$302,854	\$736,979
15	Customer Accounts	\$10,151,858	\$7,590,012	\$929,447	\$785	\$1,252,293	\$6,430	\$5,747	\$246,912	\$120,233
16	Customer Service & Information	\$1,269,473	\$943,390	\$116,221	\$100	\$156,069	\$180	\$718	\$30,726	\$22,069
17	Sales	\$173,458	\$128,903	\$15,880	\$14	\$21,325	\$25	\$98	\$4,198	\$3,015
18	Administrative & General	\$4,443,446	\$3,523,916	\$377,122	\$133	\$255,689	\$20,447	\$1,012	\$56,745	\$208,383
19	Subtotal	\$50,870,583	\$40,497,305	\$4,217,588	\$1,914	\$3,742,637	\$90,905	\$19,612	\$949,970	\$1,350,652
20	Depreciation & Amortization	\$15,328,417	\$12,174,971	\$1,287,417	\$453	\$877,609	\$70,949	\$3,432	\$193,445	\$720,142
21	Taxes - Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Taxes - Other	\$49,237	\$39,199	\$4,155	\$1	\$2,813	\$217	\$11	\$624	\$2,216
23	Interest on Long Term Debt	\$12,977,394	\$10,331,849	\$1,095,131	\$387	\$741,337	\$57,202	\$2,933	\$164,478	\$584,076
24	Interest Expense - Line of Credit	\$1,485,913	\$1,182,998	\$125,393	\$44	\$84,883	\$6,550	\$336	\$18,833	\$66,877
25	Other Deductions	\$763,731	\$608,038	\$64,449	\$23	\$43,628	\$3,366	\$173	\$9,680	\$34,373
26	Other 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	Subtotal	\$81,475,274	\$64,834,359	\$6,794,133	\$2,823	\$5,492,908	\$229,189	\$26,497	\$1,337,029	\$2,758,336
28	Total Expenses	\$282,368,351	\$213,370,159	\$20,920,396	\$6,566	\$31,801,786	\$4,294,611	\$149,882	\$7,343,769	\$4,481,181
29	Operating Margins	\$6,365,280	\$4,644,500	\$612,824	\$215	\$617,186	\$74,583	\$435	\$35,055	\$380,483
30	Non-Op Margins Interest	\$108,954	\$82,073	\$8,225	\$3	\$12,450	\$1,692	\$52	\$2,575	\$1,884
31	Non-Op Margins Cap. Cr.	\$3,491,831	\$2,646,606	\$261,605	\$78	\$372,970	\$52,587	\$1,701	\$84,734	\$71,550
32	Total Net Margins	\$9,966,065	\$7,373,180	\$882,653	\$295	\$1,002,606	\$128,862	\$2,188	\$122,364	\$453,917
33	TIER - Operating Margins	1.49	1.45	1.56	1.56	1.83	2.30	1.15	1.21	1.65
34	TIER - Total	1.77	1.71	1.81	1.76	2.35	3.25	1.75	1.74	1.78
35	Net Rate Base	\$404,754,384	\$322,925,844	\$34,274,375	\$12,210	\$24,330,761	\$1,707,183	\$97,658	\$5,424,065	\$15,982,288
36	Rate of Return - Op. Mgns	4.78%	4.64%	4.98%	4.93%	5.58%	7.72%	3.45%	3.68%	6.04%
37	Relative ROR	1.00	0.97	1.04	1.03	1.17	1.62	0.72	0.77	1.26
38	Rate of Return - Total	5.67%	5.48%	5.77%	5.59%	7.17%	10.90%	5.24%	5.29%	6.49%
39	Relative ROR	1.00	0.97	1.02	0.99	1.26	1.92	0.93	0.93	1.15