

State of Florida



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: May 19, 2005

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Kummer, Wheeler)
Office of the General Counsel (Brown)

RE: Docket No. 050321-EM – Approval of initial electric tariffs for City of Winter Park Electric Utility.

AGENDA: 05/31/05 – Regular Agenda – Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050321.RCM.DOC

Case Background

The City of Winter Park has filed an original tariff to begin service as a PSC-regulated municipal utility on June 1, 2005. Staff has worked closely with utility representatives to ensure that all Chapter 25-9, Florida Administrative Code, requirements have been met and that the utility understands its obligations as a PSC-regulated entity. This recommendation is to approve the tariffs as filed, effective June 1, 2005. The Commission has jurisdiction pursuant to Section 366.05, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve the electric tariffs filed by the City of Winter Park Municipal Utility?

Recommendation: Yes. The tariffs comply with Parts IV and V of Chapter 25-9, Florida Administrative Code and should be approved.

Staff Analysis: Pursuant to a court-ordered arbitration award issued July 18, 2003, the City of Winter Park (City) purchased the reliability distribution system of Progress Energy Florida, Inc. (PEF) in the city. The City intends to operate its own municipal utility beginning June 1, 2005. On February 10, 2005, PEF filed a petition to be relieved of the obligation to provide service to certain customers of The City, and that petition was granted by PAA Order No. PSC-05-0453-PAA-EI, issued April 28, 2005, Docket No. 050117-EI, In Re: Petition to relieve Progress Energy Florida, Inc. of the statutory obligation to provide electrical service to certain customers within the City of Winter Park, pursuant to Section 366.03 and 366.04, F.S. That Order became final when no protests were received by May 18, 2005. PEF further states in that petition that it is in discussions with the City to finalize a new territorial agreement which will be brought before the Commission for approval at a later date.

Sections 366.04(2), 366.04(6) and 366.082, Florida Statutes address the PSC regulation of municipal utilities. Parts IV and V of Chapter 25-9, Florida Administrative Code describe the PSC's requirements for filing and changing tariffs. The City has complied with these requirements. The rates, terms, and conditions filed for provision of service to city residents mirror the corresponding tariffs on file for PEF. The City opted to adopt the existing PEF rates for a three-year period until it can conduct its own load research and cost studies. Since the PSC approved PEF's rates, the rates are deemed appropriate with respect to rate structure.

Staff has had extensive discussions with representatives of the utility on their obligations as a regulated utility, specifically concerning tariff filings and safety regulation requirements. The City has indicated that it intends to comply with all PSC statutory and rule requirements. The utility has been entered into the PSC Master Commission Directory and assigned utility code EM 885. Staff recommends that the initial tariffs filed by The City of Winter Park Electric Utility be approved and effective on June 1, 2005.

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Issue 2: Should this docket be closed?

Recommendation: Yes. If the tariffs are approved, there is no further action necessary at this time.

Staff Analysis: The docket should be closed if the Commission approves Issue 1. Municipal utilities are required to have their tariffs on file with the PSC. Once approved, they will be maintained on file until subsequent changes are made. There is no need for further Commission action at this time.