

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Determination of cost-) DOCKET NO. 950645-EI
effective level of demand-side) ORDER NO. PSC-96-0589-S-EI
management credit for) ISSUED: May 6, 1996
Interruptible and Curtailable)
rate classes of Florida Power)
Corporation.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING STIPULATION
AND
ORDER APPROVING REVISIONS
TO IS-1, IST-1, CS-1 and CST-1 TARIFFS AND
SUSPENDING IS-2, IST-2, CS-2 and CST-2 TARIFFS

BY THE COMMISSION:

I. PROPOSED AGENCY ACTION

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

This docket was opened as a result of the Commission's order No. PSC-95-0691-FOF-EG adopting Florida Power Corporation's (FPC) Demand-Side Management (DSM) Plan in Docket No. 941171-EG. In that docket, FPC's analysis indicated that its existing curtailable and interruptible rates are no longer cost-effective. Following discussions and correspondence between staff, FPC and the parties, a Joint Motion for Approval of Stipulation was filed by FPC and the Florida Industrial Power Users Group (FIPUG) on February 19, 1996. A copy of the stipulation is attached hereto.

DOCUMENT NUMBER-DATE

05077 MAY-6%

FPSC-RECORDS/REPORTING

Pursuant to the stipulation, FPC's Interruptible (IS-1 and IST-1) and Curtailable (CS-1 and CST-1) rate schedules will be closed to new customers as of the date of the Commission vote. Existing customers as of that date will not be affected, and will continue to receive service under the existing rates. The stipulation specifically excludes from the definition of new customer: (1) New or relocated delivery points on the property of an existing customer; (2) Increased consumption by an existing customer and; (3) Sale of the business or location of an existing customer to a successor customer.

The existing rates were set in FPC's most recent full requirements rate case (Docket No. 910890-EI). In that rate case, FPC entered into a stipulation which established the methodology for calculating the rates. Under this method, the non-firm rate classes are allocated their full embedded cost of service, including production plant costs using historical load research data. A credit is then developed, based on the avoided production plant costs, to reflect the fact that non-firm customers can be interrupted at times of capacity shortfall. These credits are recovered through the Energy Conservation Cost Recovery clause.

Upon consideration, we find that the proposed stipulation is an appropriate and reasonable way to treat the outstanding issues in this docket. It will avoid litigating, at this time, several complex cost-of-service and rate design issues which are more appropriately addressed in a rate case. Because the level of the credits will remain fixed until FPC's next rate case, we believe it would not be appropriate to make changes to the non-firm rates that existing non-firm customers are currently paying.

II. TARIFF REVISIONS

As discussed above, the existing rates are not cost-effective on an avoided cost basis, therefore we find it is appropriate to close them to new customers at this time. The proposed tariff changes closing the existing rates (IS-1, IST-1, CS-1 and CST-1) to new customers shall be effective April 16, 1996.

III. TARIFF SUSPENSION

In addition to closing the existing rates, FPC has filed new interruptible rates (IS-2 and IST-2) and curtailable rates (CS-2 and CST-2) which are based on the cost-effectiveness calculations in FPC's DSM plan. These rates will be in effect until FPC's next general rate case when all parties will have the opportunity to

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fully address the rate treatment of FPC's non-firm rates. In order to allow our staff time to conduct discovery, we suspend our approval of the new non-firm rates.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulation between Florida Power Corporation and Florida Industrial Power Users Group is approved. It is further

ORDERED that Florida Power Corporation's Interruptible (IS-1 and IST-1) and Curtailable (CS-1 and CST-1) rate schedules shall be closed to new customers as of April 16, 1996. It is further

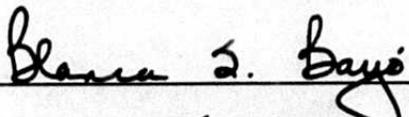
ORDERED that Florida Power Corporation's Interruptible (IS-2 and IST-2) and Curtailable (CS-2 and CST-2) rate schedules shall be suspended. It is further

ORDERED that Section I, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that if a protest of Section II, the approval of the revision of the tariffs, is filed in accordance with the requirement set forth below, the tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this 6th day of May, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

VDJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW
AS TO SECTION I, PROPOSED AGENCY ACTION

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 28, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW
AS TO SECTION II, TARIFF REVISIONS

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 28, 1996.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW
AS TO SECTION III, TARIFF SUSPENSION

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of Cost-effective Level of DSM Credits for Interruptible and Curtailable Rate Classes of Florida Power Corporation.

Docket No. 950645-EI

Submitted for filing:
February 19, 1996

JOINT MOTION FOR APPROVAL OF STIPULATION

Florida Power Corporation ("Florida Power") and the Florida Industrial Power Users Group ("FIPUG") (collectively, "the Parties") hereby jointly move the Florida Public Service Commission ("the Commission") to approve the stipulation between the Parties set forth below and state as follows:

In recognition of the significant and complex issues involved in this proceeding, the possibility that a resolution of these issues may necessitate a costly and time consuming limited scope rate case, and the desire of the Parties to avoid the time, expense and uncertainty of adversarial litigation, the Parties hereby stipulate and agree as follows:

1. The Parties reaffirm the Cost of Service and Rate Design Stipulation approved in Florida Power's last general rate case by Commission in Order No. PSC-92-1197-FOF-EI, Docket No. 910890-EI.
2. Florida Power's interruptible and curtailable rate schedules (IS-1, IST-1, CS-1 and CST-1) shall be closed to new customers who have not submitted an

application for service as of the date this stipulation is approved by the Commission and thereafter until Florida Power's next general rate case, at which time the issues pertaining to the appropriate rate treatment of interruptible and curtailable rate classes can be fully addressed.

3. The following activities shall not be deemed to establish a new customer, as the term is used in paragraph 2 above:

- a. Establishing a new or relocated point of delivery on the property of an existing customer;
- b. Increased consumption by an existing customer;
- c. Sale of the business or location of an existing customer to a successor customer.

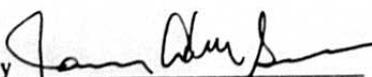
4. Florida Power will file revised interruptible and curtailable rate schedules to effectuate the closing of those rate schedules to new customers in accordance with paragraphs 2 and 3 above. In addition, Florida Power will file new interruptible and curtailable rate schedules based on cost-effectiveness calculations in Florida Power's Conservation Goals and DSM Plan proceedings (Docket Nos. 930549-EG and 941171-EG), in order to provide interruptible and curtailable service to new customers until the issues regarding the appropriate rate treatment of interruptible and curtailable rate classes can be fully addressed; provided, however, with respect to the new interruptible and curtailable rate schedules, it is expressly understood (i) that FIPUG does not endorse these rate schedules or the cost-effectiveness methodology upon which they are based, (ii) that these rate schedules are intended only as an interim measure to allow new customers an opportunity to receive interruptible and curtailable service pending

Florida Power's next general rate case, and (iii) that the approval of these rate schedules for this limited purpose shall not in any way prejudice FIPUG's ability to assert its position regarding the appropriate rate treatment of interruptible and curtailable rate classes in the future.

WHEREFORE, Florida Power and FIPUG jointly request that the Commission enter an order approving the foregoing stipulation.

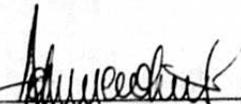
FLORIDA POWER CORPORATION

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