

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 960581-EM
proposed revisions in tariff) ORDER NO. PSC-96-0814-FOF-EM
sheets, to change rate) ISSUED: June 24, 1996
structure, by City of St. Cloud.)
_____)

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

ORDER APPROVING TARIFF REVISIONS

BY THE COMMISSION:

On February 2, 1996, the City of St. Cloud (City) filed revisions to its existing electric rate schedules. These revisions became effective on April 1, 1996. The proposed rates result in an overall decrease in annual revenues of \$460,033. The general service demand (GSD) and general service large demand (GSLD) rates have been decreased, on average, 4.66% and 4.77%, respectively. Overall general service rates (GS) are unchanged. The residential middle to high-use customers will also receive a modest decrease in prices of approximately 1 to 3 percent. Low-use residential customers will pay slightly more, though the increase amounts to less than 5 percent. This variation in the residential rates (RS) is the result of the City's switch from an inverted residential rate to a flat residential rate. We do not, however, find that the price change is substantial.

The City has provided a cost of service study to support the proposed rates. While the cost of service study submitted appears to allocate costs reasonably, the final rate calculations include an adjustment factor that is not based upon cost. Commission staff expressed concerns to the City about those non-cost-based adjustments. In response, the City maintained that it is continuing to work towards cost-based rates and the non-cost-based adjustment factors are a transition mechanism.

Since the City's proposed rates were set on revenue requirements that were not cost-based, we compared the relationship between each class' rates to the class ratios of an investor-owned

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utility (IOU). We used Florida Power Corporation's (FPC) class ratios as a standard. Our comparison of the ratios follows.

	St. Cloud		FPC
	Present	Proposed	
GS/RS	1.068	1.078	0.955
GSD/RS	0.973	0.936	0.665
GSLD/RS	0.913	0.878	0.660

All of the City's class rate ratios move toward FPC's ratios, except the GS to RS ratio. This ratio degrades slightly at 1000 kWh comparisons, but at residential usage levels of less than 850 kWh, the ratio is unharmed. We have determined that this is likely the result of the City's change from an inverted residential rate to a flat rate. The City of St. Cloud has agreed to address its GS to RS ratio in its next rate filing. Given the general improvement in rate structure and the City's willingness to address its GS to RS ratio, we, hereby, approve the proposed changes to the City of St. Cloud's tariff.

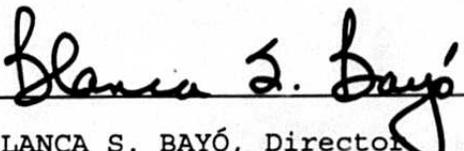
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the City of St. Cloud's proposed tariff revisions are, hereby, approved. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff shall remain in effect pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 24th day of June, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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 July 15, 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.