

REQUEST TO ESTABLISH DOCKET  
(PLEASE TYPE)

Docket No. 961491-EO

Date 12/16/96

1. Division Name/Staff Name EAG/Elisabeth Draper

2. OPR \_\_\_\_\_

3. OCR \_\_\_\_\_

4. Suggested Docket Title Request for Approval of Special Contract with Indian River Foods, Inc. by ~~City of~~ Fort Pierce Utilities Authority.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

- A. Provide NAMES ONLY for regulated companies or ACRONYMS ONLY regulated industries, as shown in Rule 25-22.104, F.A.C.
- B. Provide COMPLETE name and address for all others. (Match representatives to clients.)

1. Parties and their representatives (if any)

Fort Pierce Utilities Authority \_\_\_\_\_

Frank Varella, Director of Finance \_\_\_\_\_

206 South Sixth Street \_\_\_\_\_

Post Office Box 3191 \_\_\_\_\_

Fort Pierce, Fl 34948-3191 \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Interested Persons and their representatives (if any)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
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6. Check one:

Documentation is attached.

Documentation will be provided with recommendation.

I:\PSC\RAR\MP\ESTDKT.

PSC/RAR 10 (Revised 01/96)

DOCUMENT NUMBER-DATE

13354 DEC 16 96

FPSC-RECORDS/REPORTING

# FORT PIERCE UTILITIES AUTHORITY

"Committed to Quality"



206 South Sixth Street (34950)  
Post Office Box 3191  
Fort Pierce, Florida 34948-3191

Phone 407-466-1600  
Fax 407-489-0396

December 3, 1996

Ms. Corvise S. Kummer, Chief  
Bureau of Electric Rates  
Florida Public Service Commission  
2540 Schward Oak Blvd., Room 200  
Tallahassee, FL 32399-0850

REG 6

Subject: Contract with Indian River Foods, Inc.

Dear Ms. Kummer:

Per your request through Henry Thomas of Public Resources Management Group, Inc., attached is a copy of the Indian River Foods, Inc. contract which was approved by the FPUA Board on November 19, 1996. Also included for your review are:

- Letter dated September 30, 1996, from FPUA Director of Operations, Tom Richards, to Ben Bode of Indian River foods, Inc. and Rich Zambo of APEX Power Services Corporation (IRF's consultant) delineating contract discussions,
- Electric Rate Comparison - Industrial prepared by IRF and APEX, with attached meeting agenda,
- Board agenda item, and
- Related minutes of the November 19, 1996, FPUA Board meeting.

As Mr. Thomas explained to you, Indian River Foods was considering the option of cogeneration. Based on the figures they allowed us to review during our meetings, which we were not able to keep as the information is confidential, that option could save them 30-40% from their existing rates. If IRF had pursued cogeneration, we would have lost our largest customer, representing approximately \$1.3 million of revenues per year.

The Board and staff of FPUA feel this contract serves both parties well. It is also beneficial to our customer base insofar as the loss of IRF would have increased their power costs due to more surplus load. Please contact me at (407) 466-1600, Ext. 3244, if you have any questions.

Sincerely,

FORT PIERCE UTILITIES AUTHORITY

  
Frank J. Varella, CGFO  
Director of Finance

cc: Frederick M. Bryant, Esq.;  
William M. Bryant, Counsel & Director, P.A.

Printed  
on 100% recycled paper



**AGREEMENT FOR ELECTRIC SERVICE**  
**Between**  
**INDIAN RIVER FOODS, INC.**  
**and**  
**FORT PIERCE UTILITIES AUTHORITY**

Indian River Foods, Inc., a corporation organized under the laws of the State of Florida, hereinafter referred to as "IRF," and Fort Pierce Utilities Authority, a Florida municipal electric utility organized under the laws of and authorized to do business within the State of Florida, hereinafter referred to as "FPUA," execute this Agreement for Electric Service ("Agreement") as of November 1, 1996, (the "Effective Date") on this 19th day of November 1996. IRF and FPUA may hereinafter be referred to individually as a "Party" or may be referred to jointly as the "Parties."

**WITNESSETH**

FPUA shall deliver and sell to IRF, and IRF shall purchase from FPUA, all of the electricity which IRF may require at its Fort Pierce, Florida, citrus processing facility upon the following terms and conditions:

**1. Metering Arrangements:**

Metering shall remain as is except for modifications necessary to accommodate existing or additional load. In the event that IRF requires new load greater than 200 kW, such load may be metered separately and billed according to the Economic Development (ED) Electric Service Rate Schedule at the option of IRF in accordance with Section 3 hereof. Current metering points under this contract are:

<b>Account #</b>	<b>Meter #</b>
5246450001	11534
5246484001	30456
5246485001	38271
5246485102	33036
5246487501	30603
5246499801	35210
5246550009	30600
5246640008	30597
5246800016	30613
5246803502	30595
5246804501	30608

**2. Electricity Pricing:**

a. Commencing on the Effective Date, all electricity delivered by FPUA and purchased by IRF shall be metered and billed under the current terms and conditions, or modified in the future as rate schedules change.

b. FPUA represents and guarantees to IRF that commencing on the Effective Date, and at all times during the term of this Agreement, FPUA will reduce by 20% IRF's average kWh cost of electricity (measured on a \$/kWh basis and excluding any sales tax), when compared to the 12-month billing period of November 1, 1995, through October 31, 1996. (For purposes of this Agreement, the average kWh cost of electricity shall be calculated by dividing the total dollar amount billed to IRF - excluding sales taxes - during an applicable period, by the total number of kWh's consumed by IRF during such period.) Such reduction shall be accomplished by FPUA refunding to IRF in each month an amount which, when deducted from IRF's electric bill for that month, would result in an actual reduction of 20% in IRF's average kWh cost of electricity for such month. The Parties agree that IRF's average cost of electricity for said prior 12-month period was \$0.06999, and, accordingly, that IRF's monthly kWh cost of electricity from FPUA during the term of this Agreement shall be \$0.05567 (the "Guaranteed Rate"). Within 15 business days of the end of each monthly billing period, FPUA shall refund to IRF the appropriate dollar amount necessary to achieve the Guaranteed Rate for such month. For purposes of this Agreement, the reference to "average kWh cost of electricity" means an "all in" rate which includes: power cost adjustments; customer, demand, and energy charges; assessments; surcharges; adjustments; and any other cost component which is now, or may in the future be, included in FPUA's electric rates, but specifically excluding any State or local "sales taxes."

c. If at any time during the term of this Agreement, FPUA's electric rates in general, or those electric rates which would be applicable to IRF, are reduced to a level which is 10% or more below the rate levels in effect on the Effective Date, FPUA agrees at IRF's request to negotiate in good faith an amendment to this Agreement. (For purposes of this provision, the reference to electric rates or rate levels shall mean "all in" rates based on the "average kWh cost of electricity," as those terms are defined above.) The purpose of such amendment shall be to reduce the Guaranteed Rate to a level which reflects and includes all reductions in FPUA electric rates occurring subsequent to the Effective Date. The Parties shall use their best efforts to agree to and implement such amendment as expeditiously as possible.

### 3. Increased Demand and/or Energy:

At the sole option of IRF, any identifiable increase greater than 200 kW in electrical requirements at the facility due to the addition or modification of equipment, devices, or mechanisms, subsequent to the date of this Agreement, shall be served by FPUA in accordance with the terms, conditions, and pricing of this Agreement; or, at the applicable FPUA Economic Development (ED) Electric Service Rate, if any, which may be in effect.

4. This Agreement, its applicable Rate Schedule, and the Customer Service Policy Manual constitutes the entire Agreement between the Parties hereto concerning the subject matter hereof and supersedes any prior Agreement, written or oral, concerning such subject matter.

5. The interpretation and performance of this Agreement shall be controlled by and in accordance with the laws of the State of Florida.



**6. Term of Agreement:**

The initial term of this Agreement shall be for a period of five years from the Effective Date. At the option of both Parties, this Agreement may be extended for 2 additional periods of 1 year, upon 60 days' written notice from IRF to FPUA prior to the expiration of the original term of the Agreement or any extension thereof.

7. Unless otherwise specifically provided herein, any notice required to be given by either Party to the other under Section 6 of this Agreement shall be deemed to have been properly given if provided in accordance with the applicable subsection and delivered to the other at the address set forth below:

If to IRF:

Ben Bode, General Manager  
Indian River Foods, Inc.  
P.O. Box 12369  
Fort Pierce, FL 34979-2369

If to FPUA:

Fort Pierce Utilities Authority  
Director of Finance  
P.O. Box 3191  
Fort Pierce, FL 34948-3191

Any and all other notices required or allowed to be given by either party to the other hereunder shall be deemed to have been properly given if in writing and delivered to the other at the address set forth below:

If to IRF:

Ben Bode, General Manager  
Indian River Foods, Inc.  
P.O. Box 12369  
Fort Pierce, FL 34979-2369

If to FPUA:

Fort Pierce Utilities Authority  
Director of Finance  
P.O. Box 3191  
Fort Pierce, FL 34948-3191

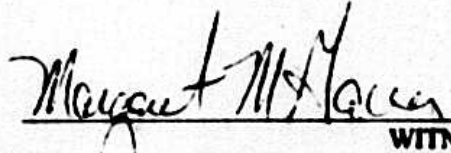
**8. Successors and Assigns:**

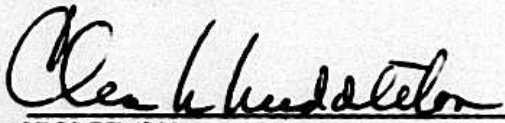
This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives, and assigns of the respective Parties hereto. This Agreement may not be assigned by a Party without the express written consent of the other Party, which consent shall not be unreasonably withheld.


**IN WITNESS WHEREOF**, this Agreement has been caused to be executed in duplicate by FPUA, having previously been duly approved by Fort Pierce Utilities Authority on the 19th day of November, 1996, and its seal hereto affixed and attested by the Secretary of the FPUA Board, the Chairman of the FPUA Board, and by IRF, on the day and year hereinafter written; and one of said duplicate copies has been delivered to each of the parties hereto.

**ATTEST:**

  
\_\_\_\_\_  
**GENERAL MANAGER**  
Indian River Foods, Inc.

  
\_\_\_\_\_  
**WITNESS**

  
\_\_\_\_\_  
**SECRETARY**  
Fort Pierce Utilities Authority Board

  
\_\_\_\_\_  
**CHAIRMAN**  
Fort Pierce Utilities Authority Board

**Approved as to Form and Correctness:**

  
\_\_\_\_\_  
**ATTORNEY**  
Fort Pierce Utilities Authority

\_\_\_\_\_  
11-21-96  
\_\_\_\_\_  
**DATE**

ELECTRIC RATE COMPARISON - INDUSTRIAL

Rate	May-68	JACKSONVILLE O&D	LANE/AND Long Term Electric Service Contract 1 2 3	SEASIDE O&D	FLORING O&D	FLORING RT-1	TECO O&D	TECO R-2	EA O&D	EA O&D
Coal Charge	000000	000000	000000	000000	000000	000000	000000	000000	000000	000000
Business Charge	2701000	000000	000000	000000	000000	000000	000000	000000	000000	000000
Domestic Charge	000000	000000	000000	000000	000000	000000	000000	000000	000000	000000
LOAD FACTOR	00%	00%	00%	00%	00%	00%	00%	00%	00%	00%
Time	000000	000000	000000	000000	000000	000000	000000	000000	000000	000000
PORT (2.0000)	000000	000000	000000	000000	000000	000000	000000	000000	000000	000000
PORT (7.0000)	000000	000000	000000	000000	000000	000000	000000	000000	000000	000000
Utility Tax (10%)	000000	000000	000000	000000	000000	000000	000000	000000	000000	000000
Total	\$407,013.27	\$178,403.00	\$168,702.32	\$180,700.00	\$170,704.40	\$171,204.00	\$121,164.00	\$107,132.00	\$122,000.30	\$105,000.00
Rate	000000	000000	000000	000000	000000	000000	000000	000000	000000	000000
Percentage	22.17%	10.00%	21.17%	25.00%	20.34%	20.00%	43.75%	13.11%	20.70%	14.10%



**AUGUST 28TH MEETING**  
**INDIAN RIVER FOODS, INC.**  
**&**  
**FORT PIERCE UTILITIES AUTHORITY**

**AGENDA**

- **Overview of Indian River Food's Situation**
- **Comparison of "Competitor's" Electric Rates**
- **Discussion of Preliminary Cogeneration Economics**
- **Discussion Of Natural Gas Prices/Contract**
- **Discussion Of Alternative Electric/Gas Supply Options**
- **Development Of Joint Energy Strategy And Schedule**
- **Other Matters**



Mayor Enns asked if this reuse water is different from what is known as brown water. Mr. Boudreaux said he is not familiar with that term. Gray water is a term that had been applied to reuse in the past. He thinks we've gotten away from that. Mr. Richard Stenberg pointed out the City of Vero Beach uses the same technology, and he hasn't heard anything from them about odors in that situation.

The roll was called and the motion unanimously carried.

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Mr. Varella stated several years ago an open access occurred in the gas industry. In 1992 we were forced to negotiate gas contracts with Indian River Foods and Tropicana because they could by-pass us if they wished to. The contract before the Board today comes as a result of action taken by Congress in the 70's, which gave companies the right to be able to put, on-site, their own generation to secure their own power resources and even sell it back to a utility if they had excess power. That law is known as PURPA. Indian River Foods approached us several months ago with their consultant, Apex Power, regarding an opportunity they had to bring in a power generator, connect to our gas system, and generate their own power. We didn't want to lose our largest customer considering all the surplus power we have. We recommended to them that we negotiate to try to get their power costs down to levels their competitors were paying. We finally came up with the agreement before the Board today that would reduce their power costs to 20% less than what they are currently paying. From the UA's standpoint this agreement puts us in a much better situation than losing our largest customer, which would have an impact of losing \$1.3 million in revenues. It also gives us the ability to grow as Indian River Foods grows and use some of our excess power. Indian River Foods is considering adding some new type of operations which would come under our economic development rate. This agreement is for 5 years with the ability to extend for two additional 1 year periods if both parties agree. In the event the UA had great decreases in our rates of 10% to all other customers, the agreement would be opened up again to give them the ability to negotiate further.

Mr. Haynes said this is a fixed rate contract and not affected by changes in PCA. Mr. Varella said that is correct. They have eleven meters. Some are on demand rates, some are not. They would continue to be billed as they are, and we would draw out that information, compute their total kilowatt hours, apply this rate and mail them the check. This will give them the opportunity on a monthly basis to actually see how much they are saving. Mr. Boudreaux said other utilities are doing the same thing, trying to lock in their large customers for a number of years with the idea that as things develop in the future, this will help get us over the hump when free wheeling/retail stealing becomes the norm in the State. When the dust settles, everyone will have a clear picture on how to structure rates. This is a hedge on the future. Lakeland has done it, and Jacksonville Electric Authority has done it with the Navy base. Mr. Haynes asked if everybody was in agreement with the 5 years. Mr. Boudreaux said he would like to have seen it for 7 to 10 years.

Mayor Enns asked if this exceeds our costs to produce it. Mr. Boudreaux said no. Mr. Siplin said according to Mr. Boudreaux, we cannot do that. Mr. Boudreaux said that is true. We cannot sell the service for less than it costs us.

Motion by Mr. Haynes, seconded by Mrs. Grimyser and unanimously carried that the Electric Service Agreement with Indian River Foods be approved.

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# FORT PIERCE UTILITIES AUTHORITY

"Committed to Quality"



206 South Sixth Street (34950)  
Post Office Box 3191  
Fort Pierce, Florida 34948-3191

Phone 407-466-1600  
Fax 407-489-0396

September 30, 1996

**Mr. Ben Bode**  
Indian River Foods, Inc.  
P.O. Box 12369  
Fort Pierce, FL 34979-2369

**Mr. Rich Zambo**  
Apex Power Services Corporation  
6278 N. Federal Highway, Suite 430  
Fort Lauderdale, FL 33308

Dear Messrs. Bode and Zambo:

In order to bring some organization to my thought process of our discussions related to electric and gas service for Indian River Foods, I thought it would help me to memorialize my ideas. I am having some difficulty keeping up with the discussion process, as there have been several ideas reviewed both in our meetings and outside. It seems to me like I am jumping from one idea to another without having the time to develop each fully. As a consequence, I am setting out my thoughts here for your consideration.

First, I understand Indian River Foods has needs and desires to keep its utility bills as low as possible. I recognize that Indian River Foods' competitors who are located in other parts of the state have other cost structures. To some extent, it is because they are not located in south Florida that they, and their utilities, have access to lower cost alternatives. One of the virtues of your south Florida operation is to put you in the middle of the most productive citrus county in the state; and also it ties to the Fort Pierce Utilities Authority electric, gas, water and wastewater territories.

We at the Utilities Authority are sincerely interested in having Indian River Foods be successful in its business as well as be a large energy customer for us. We acknowledge your compliments on our reliability and responsiveness - it



is simply our mission. We take pride in this accomplishment and expect it to continue.

In our initial meeting, you indicated that a reduction of your overall electric rates from about seven cents to six cents per kWh was desired. I believe the offer below reflects our commitment to you to achieve results in the desired order of magnitude.

We have made arrangements for Indian River Foods to receive competitively-priced gas with little or no restrictions on its availability. We have an offer (see below) on the table to allow you to receive some substantial quantities at what we believe will be below market cost. We are working for you on this aspect of your energy consumption costs, although it does require a commitment from Indian River Foods to share some of the responsibility in exchange for the possible benefits. Again, we do it because it is our mission to be helpful to you.

It is with the same attitude that we bring you this offer:

- The Utilities Authority will, at its own expense, provide Indian River Foods with a single, primary voltage, metering point. This will have the effect of allowing a reduction in the Indian River Foods overall monthly peak electric demand through diversity, which should inure directly to your benefit. In order to accomplish this single meter point, the Utilities Authority will need your concurrence so we can provide some temporary construction before the citrus season begins. Should Indian River Foods ever elect to cogenerate, the Utilities Authority would recover this investment via the wheeling charge.
- The Utilities Authority Staff will recommend the implementation of the "large demand time of use" rate which should have the effect of a reduction in rates for the average general service customer. It will be substantially in the form of the draft distributed, with the possible change to a kVA demand rate at a smaller demand charge. This rate needs approval of the Utilities Authority Board and Florida Public Service Commission. These approvals take some time, so we need your agreement before long to make the rate effective as soon as possible.
- I am confident enough that you will save at least fifteen percent over our existing electric rate that I am further ready to recommend that we



guarantee to Indian River Foods that the rate per kWh paid to the Utilities Authority during the December 1996 to November 1997 period, and each year thereafter, will be no more than 85% of the actual kWh rate for the December 1995 to November 1996 period. I am referring to the Indian River Foods "all in" rates, i.e., your bottom line cost of electric service for the Utilities Authority, including power cost adjustment, customer charge, demand component, taxes and surcharge. This would be on a five-year basis, calculated at the end of the year using a weighted average cost. It would be true-up at the year end, if needed.

The commitment of Indian River Foods would be to buy all electric energy for the site from the Fort Pierce Utilities Authority for five years, to November 30, 2001. Indian River Foods would need to make no expenditures nor would it be required to change its operation.

- Any new identifiable loads of 200 kW or more are eligible for the economic development rate. To get approval, a separate contract is required. Contact Mac or me anytime you think you have application for this rate.
- For the long term gas supply opportunity, the estimated price to the Utilities Authority for five or more years is currently \$1.75 per million BTU delivered to the pipe. To this would be added the transportation and usage charges the same way as our existing contract states, plus a margin to the Utilities Authority of ten to five cents, on a sliding scale depending on the number of years committed (five to ten). This offer requires an extension of our existing contract for capacity and sales, with the long term gas always being first through the meter; it is for any amount of firm gas up to a maximum of 2,000 MMBtu per day. There are a number of details qualifying this offer that we need to discuss if you are interested. We must have this deal inked by both parties by Wednesday, October 9!
- If Indian River Foods is not comfortable with the floating price of gas(it won't be fixed until about November 12 when our agency, Florida Gas Utilities, closes on the gas), I am willing to offer a fixed price of \$1.88 including our ten cent margin for a five year commitment.


**All offers made in this letter are subject to the approval of the Utilities Authority Board. Staff has the ability to recommend, but has no approval authority.**

**Please give serious consideration to the offers I have made above. If you have any questions, contact me (3400), Mac Hamilton(3329) or Frank Varella (3244).**

**We await your reply.**

**Yours truly,**

**FORT PIERCE UTILITIES AUTHORITY**



**Thomas W. Richards, P.E.  
Director of Operations**

**TWR/ee/96-100**

**cc: Elie J. Boudreaux III, Director of Utilities  
Frank Varella, Director of Finance  
Mac Hamilton, Public Affairs Manager**

# Agenda Request

10-2

Requested Board Meeting Date: November 19, 1996

Type Meeting:  Regular  Special  Workshop

Type Agenda:  Regular  Consent

### Issue/Item Description or Subject:

Agreement for Electric Service with Indian River Foods, Inc.

### Recommendation:

Approve as presented.

Funds Available From:  O&M  Capital  N/A Other

Verified: [Signature]  
Director of Finance


Budgeted  Nonbudgeted

Account Number: \_\_\_\_\_

Submitted By: Frank J. Varella *FJV*



TO: UA Board  
THRU: Director of Utilities  
FROM: Director of Finance  
DATE: November 12, 1996



**SUBJECT:**

Agreement for Electric Service with Indian River Foods, Inc.

**RECOMMENDATION:**

Approve as presented.

**SUMMARY/SUPPORTING INFORMATION:**

In 1992 gas customers in Florida began having open access through the gas pipeline. This allowed larger businesses, such as Indian River Foods, to go into the marketplace and purchase and transport their own gas supply. During that period FPUA's two largest customers, IRF and Tropkana, elected to cease being retail customers of FPUA and instead negotiate contracts.

This has been our business relationship for gas during the past four years. With open access and retail wheeling in the electric utility on the horizon, and with the evolution of the global marketplace, industry is doing everything possible to become competitive by reducing costs. This includes cogenerating.

Several months ago IRF requested a standby rate from FPUA so that they could investigate cogenerating their power requirements. At that same time, they prepared an analysis comparing FPUA's average power cost with their competitor's suppliers. Our staff committed to negotiating with IRF, our largest electric customer, knowing that the loss of this customer would increase power cost for remaining customers.

During our discussions with IRF, we developed a standby rate and a time of use rate, which are not in use at this time for IRF, but will remain on file for future reference. We also discussed consolidating IRF's 11 metering points into one primary rate; but with a cost of \$50,000-100,000, this is not feasible.

The simplest method to offer was computing the average cost of electric service for the preceding year, and agreeing to give IRF a 20% discount from that figure for the next five years. A refund check will be sent monthly to achieve the "Guaranteed Rate." Leaving the existing billing rates and procedures in place will allow IRF to see their monthly savings. The contract can be extended for two, one-year periods at the end of the initial five-year period.

# AGREEMENT FOR ELECTRIC SERVICE

Between  
**INDIAN RIVER FOODS, INC.**  
and  
**FORT PIERCE UTILITIES AUTHORITY**

Indian River Foods, Inc., a corporation organized under the laws of the State of Florida, hereinafter referred to as "IRF," and Fort Pierce Utilities Authority, a Florida municipal electric utility organized under the laws of and authorized to do business within the State of Florida, hereinafter referred to as "FPUA," execute this Agreement for Electric Service ("Agreement") as of November 1, 1996, (the "Effective Date") on this 19th day of November 1996. IRF and FPUA may hereinafter be referred to individually as a "Party" or may be referred to jointly as the "Parties."

## WITNESSETH

FPUA shall deliver and sell to IRF, and IRF shall purchase from FPUA, all of the electricity which IRF may require at its Fort Pierce, Florida, citrus processing facility upon the following terms and conditions:

### 1. Metering Arrangements:

Metering shall remain as is except for modifications necessary to accommodate existing or additional load. In the event that IRF requires new load greater than 200 kW, such load may be metered separately and billed according to the Economic Development (ED) Electric Service Rate Schedule at the option of IRF in accordance with Section 3 hereof. Current metering points under this contract are:

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### 2. Electricity Pricing:

a. Commencing on the Effective Date, all electricity delivered by FPUA and purchased by IRF shall be metered and billed under the current terms and conditions, or modified in the future as rate schedules change.



b. FPUA represents and guarantees to IRF that commencing on the Effective Date, and at all times during the term of this Agreement, FPUA will reduce by 20% IRF's average kWh cost of electricity (measured on a \$/kWh basis and excluding any sales tax), when compared to the 12-month billing period of November 1, 1995, through October 31, 1996. (For purposes of this Agreement, the average kWh cost of electricity shall be calculated by dividing the total dollar amount billed to IRF - excluding sales taxes - during an applicable period, by the total number of kWh's consumed by IRF during such period.) Such reduction shall be accomplished by FPUA refunding to IRF in each month an amount which, when deducted from IRF's electric bill for that month, would result in an actual reduction of 20% in IRF's average kWh cost of electricity for such month. The Parties agree that IRF's average cost of electricity for said prior 12-month period was \$0.06959, and, accordingly, that IRF's monthly kWh cost of electricity from FPUA during the term of this Agreement shall be \$0.05567 (the "Guaranteed Rate"). Within 15 business days of the end of each monthly billing period, FPUA shall refund to IRF the appropriate dollar amount necessary to achieve the Guaranteed Rate for such month. For purposes of this Agreement, the reference to "average kWh cost of electricity" means an "all in" rate which includes: power cost adjustments; customer, demand, and energy charges; assessments; surcharges; adjustments; and any other cost component which is now, or may in the future be, included in FPUA's electric rates, but specifically excluding any State or local "sales taxes."

c. If at any time during the term of this Agreement, FPUA's electric rates in general, or those electric rates which would be applicable to IRF, are reduced to a level which is 10% or more below the rate levels in effect on the Effective Date, FPUA agrees at IRF's request to negotiate in good faith an amendment to this Agreement. (For purposes of this provision, the reference to electric rates or rate levels shall mean "all in" rates based on the "average kWh cost of electricity," as those terms are defined above.) The purpose of such amendment shall be to reduce the Guaranteed Rate to a level which reflects and includes all reductions in FPUA electric rates occurring subsequent to the Effective Date. The Parties shall use their best efforts to agree to and implement such amendment as expeditiously as possible.

### 3. Increased Demand and/or Energy:

At the sole option of IRF, any identifiable increase greater than 200 kW in electrical requirements at the facility due to the addition or modification of equipment, devices, or mechanisms, subsequent to the date of this Agreement, shall be served by FPUA in accordance with the terms, conditions, and pricing of this Agreement; or, at the applicable FPUA Economic Development (ED) Electric Service Rate, if any, which may be in effect.

4. This Agreement, the applicable Rate Schedule, and the Customer Service Policy Manual constitutes the entire Agreement between the Parties hereto concerning the subject matter hereof and supersedes any prior Agreement, written or oral, concerning such subject matter.

5. The interpretation and performance of this Agreement shall be controlled by and in accordance with the laws of the State of Florida.



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7. Unless otherwise specifically provided herein, any notice required to be given by either Party to the other under Section 6 of this Agreement shall be deemed to have been properly given if provided in accordance with the applicable subsection and delivered to the other at the address set forth below:

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Indian River Foods, Inc.  
P.O. Box 12369  
Fort Pierce, FL 34979-2369

If to FPUA:

Fort Pierce Utilities Authority  
Director of Finance  
P.O. Box 3191  
Fort Pierce, FL 34948-3191

Any and all other notices required or allowed to be given by either party to the other hereunder shall be deemed to have been properly given if in writing and delivered to the other at the address set forth below:

If to IRF:

Ben Bode, General Manager  
Indian River Foods, Inc.  
P.O. Box 12369  
Fort Pierce, FL 34979-2369

If to FPUA:

Fort Pierce Utilities Authority  
Director of Finance  
P.O. Box 3191  
Fort Pierce, FL 34948-3191

**8. Successors and Assigns:**

This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives, and assigns of the respective Parties hereto. This Agreement may not be assigned by a Party without the express written consent of the other Party, which consent shall not be unreasonably withheld.

**IN WITNESS WHEREOF**, this Agreement has been caused to be executed in duplicate by FPUA, having previously been duly approved by Fort Pierce Utilities Authority on the 19th day of November, 1996, and its seal hereto affixed and attested by the Secretary of the FPUA Board, the Chairman of the FPUA Board, and by IRF, on the day and year hereinafter written; and one of said duplicate copies has been delivered to each of the parties hereto.

**ATTEST:**

\_\_\_\_\_  
**GENERAL MANAGER**  
Indian River Foods, Inc.

\_\_\_\_\_  
**WITNESS**

\_\_\_\_\_  
**SECRETARY**  
Fort Pierce Utilities Authority Board

\_\_\_\_\_  
**CHAIRMAN**  
Fort Pierce Utilities Authority Board

Approved as to Form and Correctness:

\_\_\_\_\_  
**ATTORNEY**  
Fort Pierce Utilities Authority

\_\_\_\_\_  
**DATE**



# FORT PIERCE UTILITIES AUTHORITY

"Committed to Quality"



206 South Sixth Street (34950)  
Post Office Box 3191  
Fort Pierce, Florida 34948-3191

Phone 407-466-1600  
Fax 407-489-0396

December 3, 1996

DEC 6

Ms. Connie S. Kummer, Chief  
Bureau of Electric Rates  
Florida Public Service Commission  
2540 Schward Oak Blvd., Room 200  
Tallahassee, FL 32399-0850

**Subject: Revised Contract Electric Service Rate Schedule**

Dear Ms. Kummer:

Enclosed are four (4) copies each of the revised Contract Electric Service Rate Schedule and the Index of Electric Service Rate Schedules in "marked-up" form and in final form. This revision was approved by the FPUA Board on November 19, 1996, and by the City Commission on December 3, 1996.

By adding a 200 kWh minimum demand, we are making available only substantial load that would help reduce our overall surplus power burden. Public administration or retail trade accounts are excluded.

If you have any questions or concerns regarding this submittal, please contact me at (407) 466-1600, Ext. 3244.

Sincerely,

FORT PIERCE UTILITIES AUTHORITY

A handwritten signature in black ink, appearing to be "F. Varella", written over a horizontal line.

Frank J. Varella, CGFO  
Director of Finance

FJV:am

Enclosures

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**INDEX OF ELECTRIC SERVICE RATE SCHEDULES**

<u>Designation</u>	<u>Description</u>	<u>Numbers</u>
RS	Residential Electric Service .....	8.0 - 8.1
GS	General Service - Non Demand Electric Service .....	9.0 - 9.1
GSD	General Service - Demand Electric Service .....	10.0 - 10.2
CS	Curtable General Service - Demand Electric Service .....	11.0 - 11.4
ED	Economic Development Electric Service .....	11.5 - 11.7
GSLD	General Service - Demand High Load Factor Electric Service .....	12.0 - 12.2
OS	Traffic Signal Electric Service .....	13.0 - 13.1
OL	Outdoor Security Lighting Electric Service .....	14.0 - 14.2
SL	Public Street and Highway Lighting Electric Service .....	15.0 - 15.2
TAC	Tax Adjustment Clause .....	16.0
PCA-86	Power Cost Adjustment Clause .....	17.0 - 17.3
	Notice of Non-Payment .....	19.0 - 19.1
	Utility Billing .....	20.0 - 20.1

ISSUED BY: Director of Finance

EFFECTIVE: December 1, 1996

ED

**RATE SCHEDULE ED**  
**ECONOMIC DEVELOPMENT**  
**ELECTRIC SERVICE RATE SCHEDULE**

The Fort Pierce Utilities Authority (Authority) shall charge and collect for electric capacity and energy on the basis of contracts to be developed. Specific customer requirements, character of service, monthly rates, and other relevant terms and conditions shall be set forth in a service agreement between the Authority and the customer. Nothing contained in this rate schedule or the contracts to be developed shall be construed as affecting in any way the right of the Authority to make changes to any and all parts of such documents as provided by law.

**AVAILABILITY:**

This schedule is available throughout the entire territory served by and at the option of the Authority.

**APPLICATION:**

Service under the Economic Development Electric Service rate schedule shall apply to any new or existing commercial customer who adds 200 kW or more of maximum annual demand above historical levels and contracts for a specific amount of new or additional capacity and energy in accordance with the policies established by the Authority, except that customers or prospective customers defined as Public Administration or Retail Trade by the Office of Management and Budget's (OMB's) Standard Industrial Classification (SIC) Manual are specifically excluded. Participation under this schedule is voluntary and is offered solely at the option of the Authority.

**CHARACTER OF SERVICE:**

Service under this rate schedule shall be single phase or three phase, 60 Hertz, alternating current at the Authority's available standard voltages. All service required on the premises of the customer shall be furnished through one meter. This service is available only at the delivery point of the quality meter retail customer served and metered by the Authority.

(Continued on Sheet No. 11.6)

ISSUED BY: Director of Finance

EFFECTIVE: December 1, 1996



(Continued from Sheet No. 115)

**LIMITATION OF SERVICE:**

Contract electric service under this rate schedule will be available for a period of five years. At the end of five years, the Authority will notify the customer that service will be transferred to the applicable standard rate schedule then in effect.

The total amount of contract electric service available for sale to all customers changes from time to time. In initially determining the amount of such service, if any, to provide a customer and/or in determining the amount, if any, by which a customer's contract amount may be increased, the Authority shall take into account the total amount of such contract service it reasonably expects to be available and its prior commitments for sales of such power. If, and to the extent that, the Authority thus determines that it can make additional contract service available to new customers and to existing customers, the Authority shall do so on a first-come, first-served basis.

Standby or resale service is not permitted under this rate schedule.

**MONTHLY RATE:**

The monthly rate shall be established by the Authority on the basis of specific customer requirements and the following general provisions:

- (i) A customer charge, set at the applicable standard rate schedule then in effect,
- (ii) A demand charge, set at the applicable standard rate schedule then in effect,
- (iii) An energy charge, subject to negotiation,
- (iv) A power cost adjustment, and
- (v) Other appropriate discounts and charges, if any.

The monthly rate will not be established at a level below the Authority's then calculated incremental cost, which is based on the situation if variable cost. In addition, the monthly rate will be revised annually to provide for approximately equal periodic adjustments that result in the customer paying the Authority's then established rates at the end of the five-year period.

(Continued on Sheet No. 117)

ISSUED BY: Director of Finance

EFFECTIVE: December 1, 1996



(Continued from Sheet No. 11.6)

**TERM OF SERVICE:**

Customers choosing to receive electric service under this electric rate schedule shall contract to remain on this rate for a maximum of sixty (60) consecutive months commencing with the first complete billing period under this rate schedule following the request for such service.

**TERMS OF PAYMENT:**

The terms of payment shall be in accordance with the provisions set forth in the Authority's Electric Service Standard Provisions.

**ISSUED BY:** Director of Finance

**EFFECTIVE:** December 1, 1996